

Birmingham City Council

Report to Cabinet

6th September 2022



Subject: Working with the Private Sector and Private Registered Providers of Social Housing to Deliver Temporary Accommodation Solutions – Dynamic Purchasing System (DPS)

Report of: Strategic Director, City Housing

Relevant Cabinet Member: Councillor Sharon Thompson, Cabinet Member Housing and Homelessness
Councillor Yvonne Mosquito, Cabinet Member Finance and Resources

Relevant O &S Chair(s): Councillor Mohammed Idrees, Housing and Neighbourhoods
Councillor Akhlaq Ahmed, 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: 010464/2022		
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: N/A		

1 Executive Summary

- 1.1 This report provides details of the proposed approach to procure a Dynamic Purchasing System (DPS) for temporary accommodation through the private rented sector and private registered providers of social housing to manage additional and ad hoc requirements.
- 1.2 The DPS agreement will be for a period of two years, with the option to extend for a further period of up to two years in yearly increments, subject to satisfactory performance. The option to extend is on the basis that no additional funding will be required if the extension options are taken up, i.e. extension of time only.
- 1.3 The estimated value of the DPS based on forecast data is £9.516 million over the period of the DPS (including the extension periods).

2 Recommendations

That Cabinet:

- 2.1 Delegates authority to the Strategic Director for City Housing, the Assistant Director Corporate Procurement (or their delegate), in conjunction with the Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to approve the procurement strategy.
- 2.2 Delegates authority to the Strategic Director for City Housing in conjunction with the Director of Council Management (or their delegate), the City Solicitor (or their delegate) to approve the establishment of the DPS.
- 2.3 Delegates the award of contracts following the completion of further competition exercises under the DPS, to be authorised in accordance with the Procurement Contract and Governance Arrangements.
- 2.3 Delegates authority to the Strategic Director for City Housing, in conjunction with the Director of Council Management (or their delegate), the City Solicitor (or their delegate) to extend the DPS for up to a period of up to 2 years in yearly increments.
- 2.4 Authorises the City Solicitor to execute and complete any documents to give effect to the above.

3 Background

3.1 Background and Service Requirements

The purpose of the DPS is to support the Council's statutory duty to provide temporary accommodation if the Council have reason to believe the applicant may be homeless, eligible for assistance and have a priority need-under the Housing Act 1996, the Homelessness Act 2002 and the Homeless Reduction Act 2017. These Acts require the Council to provide accommodation on a temporary basis for a minimum of 56 days to relieve or prevent homelessness or for a longer term while permanent accommodation is secured.

3.1.1 The Temporary Accommodation team uses a range of accommodation types to house homeless households pending permanent re-housing. These include:

- Bed and Breakfast Accommodation or Hotels
- Council Stock let as Temporary Accommodation
- Council Homeless Centres
- Rented properties from external companies / organisations
- Voluntary Sector supported accommodation

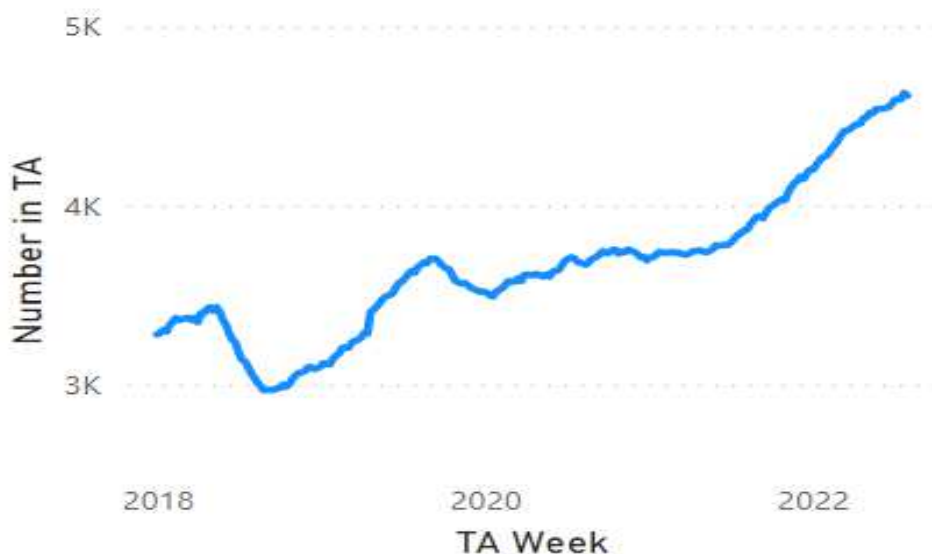
3.1.2 To support the above, there is a requirement for properties rented from the private sector and registered social housing providers. The maintenance of these properties is the responsibility of the landlord, not the Council and managed by the agent. All payments from the Council are made to the agent.

3.1.3 The Council has recently let block contracts for 1230 units of temporary accommodation and now wishes to establish a DPS to manage additional and ad hoc requirements.

3.1.4 The Council has seen a significant increase in the number of households in temporary accommodation over the last few years.

Numbers across all Temporary Accommodation trended up between August 2021 and August 2022 with a rise of 748.

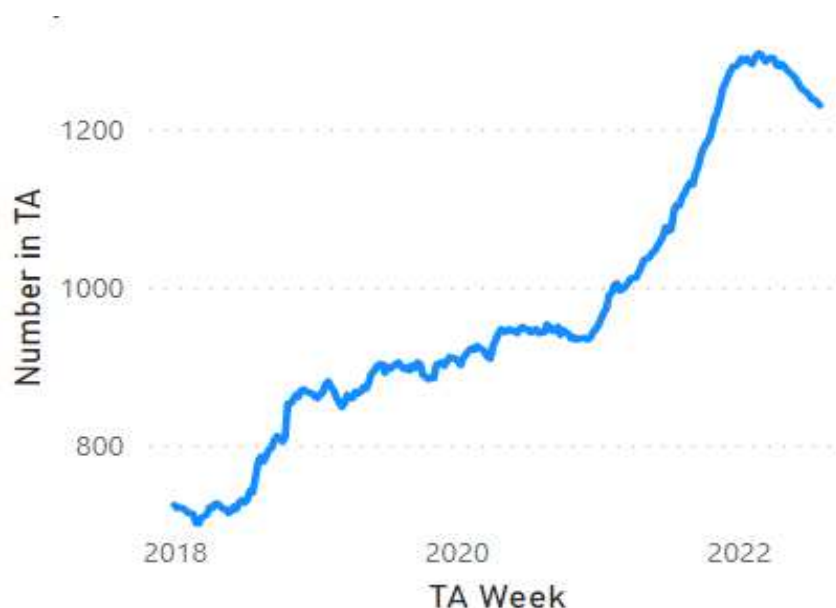
Upward trend Numbers in Temporary Accommodation



The recent trend of numbers in private landlord tenancies started trending up between January 2021 (960) and September 2021, rising by 21.5% (207) in 8.5 months, hitting its peak of 1295 in February 2022.

NB: numbers showing in decline are due to the mobilisation of the new block contract.

Upward trend in Number in Private Landlord Tenancies



Private Landlord tenancies by year:

Year	From	Number	To	Number	+ / - pa
2018	January	725	December	862	+137
2019	January	860	December	910	+50
2020	January	907	December	947	+40
2021	January	952	December	1279	+327
2022	January	1283	August	1230	-53

3.1.6 The DPS was referenced in the Cabinet report of the 10th November 2020, with subject title 'Working with the Private Sector to deliver Temporary Accommodation Solutions'. Additionally, it was on the Planned Procurement Activities Report (PPAR) of the 26th July 2022, with the title 'Dynamic Purchasing System for the Provision of Temporary Accommodation' where it was requested to be brought to Cabinet as a single agenda item.

3.2 Outputs Expected

3.2.1 The following outputs are anticipated as a result of the proposed procurement process to be carried out:

- Wide range of suppliers that can meet the requirements
- Agile and accessible procurement process for local, SMEs and national suppliers to compete for work
- A sufficient portfolio of properties to minimise the need to resort to bed and breakfast accommodation or hotels;
- A range of different properties to meet the needs of all household sizes, in particular larger accommodation for those in need of it given the current shortage
- The provision of suitable decent quality temporary accommodation;
- Costs reflective of market conditions

- 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.

3.3 Market Analysis

- 3.3.1 Although the Council would like a decent mix and spread of properties within each ward of the city, this may not be achieved because the market dictates availability of suitable accommodation. There are a number of providers for this service ranging from small to medium enterprises operating as lettings agents and also registered social housing providers. It is considered that the nature and value of the service will appeal to small, local providers; however larger organisations will not be precluded from tendering.
- 3.3.2 The Council does recognise that due to demand, properties may be utilised out of City. We would expect the properties are no more than an hour's journey time away from Birmingham City Centre using public transport. The Council tries to place families in areas where they have support networks so would prefer and will prioritise occupying properties within the city.
- 3.3.3 There are also potential pressures from external companies and other local authorities looking to place homeless households in Birmingham. Following lessons learnt, it has been decided to open the opportunity up to other sectors of the market other than private lettings agencies including registered social housing providers to ensure that it will present to the market the most attractive opportunity and that there is sufficient accommodation available to house vulnerable households.
- 3.3.4 All accommodation must meet the most current health and safety standards relevant to the accommodation type. The Council will not accept properties if they do not meet the required standards and may terminate the use if they fall below those standards.

4 Options considered and Recommended Proposal

The following options were considered:

- 4.1 Not to tender the requirement – this is not an option as the impact of not tendering this service would apply financial pressures to the budget due to the reliance on more expensive bed and breakfast and hotel options.
- 4.2 To tender for a Birmingham only DPS arrangement. This is the recommended option as this would give the Council the most flexibility in delivering the service provision, by allowing each call off to be advertised to the approved DPS suppliers for the relevant category; with costs therefore being reflective of the current market position and all the Council's priorities can be incorporated into the procurement documentation.

- 4.3 To tender for a framework agreement - this is not an option as this does not provide the flexibility required to enable new suppliers the ability to join during its lifetime as is the case with the DPS option.
- 4.4 To use a collaborative framework agreement. There are no frameworks in place that can provide this service.

5 Consultation

- 5.1 Bidders who were unsuccessful in gaining a block contract have been made aware of this upcoming DPS and are receptive to and supportive of the establishment of the DPS.

6 Risk Management

- 6.1 The approach is to follow the Council Risk Management Methodology. A risk register for the service has been produced and owned by City Housing with arrangements being put in place to ensure operational risks are appropriately mitigated.
- 6.2 Arrangements are in place to ensure operational risks for the Dynamic Purchasing System are mitigated. Key risks will include 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 is partly mitigated by the current number of properties that are already being used in the private sector.

7 Compliance Issues:

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The proposal contributes to the delivery of the Council's core vision and priorities in the Council Plan 2018 - 2022 (updated in 2019) of:

- **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.
- **Birmingham is an aspirational city to grow up in:** we will work partners to provide a multi-agency approach to the protection of vulnerable children and young people.
- **Birmingham is a fulfilling city to age well in:** we will work with partners to improve the care for older people

- 7.1.2 This proposal is consistent with the Council's vision and priorities as set out in the Birmingham City Corporate Plan for 2022-26

A bold safe Birmingham - Priority #11 Increase affordable, safe, green housing:

We will establish a housing programme that meets the needs of our citizens, building new homes and retrofitting existing homes, including increasing the supply of quality affordable safe, warm, and green housing. We will increase investment in the quality of Birmingham City Council's social housing and its communities, improving the quality of life for people who live there, ensuring they feel safe and secure.

7.1.3 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of the DPS Agreement and call-off contracts. Bidders will be required to submit an action plan with their submission that will be evaluated in accordance with the procurement strategy and the action plan of the successful bidders will be implemented and monitored during the call-off contract period.

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 in cases of apparent priority need. 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 This is a procurement process for a DPS which does not commit the Council to any particular level of expenditure until Further Competition Invitation Tender exercise is carried out.
- 7.3.2 The aim of the DPS is to ease the costs of using more expensive night rate accommodation and in the longer term improve costs associated with using bed & breakfast accommodation. The DPS will be used to support the PSL Block contract and replace the outgoing Framework contract as properties become available.
- 7.3.3 The estimated value for the period of the DPS is £9.516m. However, these costs in any financial year will have to remain within the overall PSL Temporary Accommodation budget allocation, currently £15.358m.
- 7.3.4 The outcome of this procurement will not result in a budget reduction but should contribute to offsetting existing budget pressures in more expensive bed and breakfast and hotel accommodation.

7.4 Procurement Implications

- 7.4.1 The procurement will be conducted compliantly with the Public Contracts Regulations 2015 and the Council's Procurement and Contract Governance Rules. A DPS is established following the 'restricted' (two stage) procedure.
- 7.4.2 A DPS is an electronic system established to purchase commonly used goods, works or services. Although there are similar aspects, it does not operate in the same way as a framework agreement as suppliers can join at any time during the period the DPS is open, therefore allowing for more flexibility.

7.4.3 The DPS is a two-stage process:

Stage 1 – Selection Stage – all suppliers must pass the criteria to be appointed to the DPS. The selection stage consists of qualification questions to select Individuals / Organisations. The questionnaire will be based on mandatory and discretionary exclusion criteria as well as contract specific questions.

Suppliers will be required to pass Stage 1 in order to be appointed to the DPS. Those suppliers who are unsuccessful in their application, will be provided with feedback and will have the opportunity to re-apply to join the DPS.

Stage 2 – Award Stage – all DPS Suppliers in the relevant category will be invited to tender for the requirements (further competition processes). A call-off contract will be awarded to the highest scoring supplier(s)

7.4.4 The DPS provides a competitive environment where suppliers can compete on a fair and transparent basis. Individual contracts for specific temporary accommodation requirements will be tendered during the further competition stage of the process.

7.5 Human Resources Implications

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 proposed procurement is related to property acquisition and as such there are no practices that could be considered unfair, unlawful or discriminatory within this context.

7.6.2 An Equality Impact Assessment has been undertaken and is attached at **Appendix 2.**

8 Appendices

8.1 As required:

1. Environmental Sustainability Assessment – Appendix 1
2. Equality Impact Assessment – Appendix 2
3. Risk Assessment – Appendix 3
4. Property Standards – Appendix 4

9 Background Documents

- Cabinet Report dated 20th November 2020 - 'Working with the Private Sector to deliver Temporary Accommodation Solutions'.
- Planned Procurement Activities Report (PPAR) of the 26th July 2022 - 'Dynamic Purchasing System for the Provision of Temporary Accommodation'