



Report to Housing Policy Committee

Author/Lead Officer of Report:

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Report of: Janet Sharpe/Ajman Ali

Report to: Housing Committee

Date of Decision: 2.02.2023

Subject: Hotel and B & B Procurement

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 1451				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

This Report seeks approval for officers to undertake a procurement exercise for up to 150 hotel and B & B bed spaces for a period of two years. These bed spaces will be used for interim and temporary accommodation for customers experiencing homelessness who are eligible as defined in the Housing Act and statutory instruments.

This proposal does not seek to increase our overall usage of hotel and B & B bed spaces but concerns how SCC sources and pays for hotel and B & B bed spaces.

A procurement exercise will allow SCC to better manage costs associated with hotel and B & B accommodation by having agreed nightly rates. Officer time will also be saved which will mean resources can be better utilised in the Housing Options and Advice service.

Recommendations:

That the Housing Policy Committee:

1. Authorise officers to conduct a procurement exercise to block book up to 150 hotel/B & B beds for a two year period, with an option to reduce the number of beds by up to 100 in Year 2; and
2. Appoint the preferred bidder, following that exercise.

Background Papers:***Hotel and B & B Procurement Soft Market Test- July 2022***

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Helen Damon 18.01.23
		Legal: Stephen Tonge 23.01.23
		Equalities & Consultation: Louise Nunn 24.01.23
		Climate: Jessica Rick 10.01.23
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	<i>Janet Sharpe/Ajman Ali</i>
3	Committee Chair consulted:	<i>Douglas Johnson</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Suzanne Allen</i>	Job Title: <i>Head of Citywide Housing Service</i>
	Date: 24/01/2023	

1. PROPOSAL

- 1.1 The proposal is for officers to undertake a procurement exercise for up to 150 hotel and B & B beds for use as interim and temporary accommodation for customers experiencing homelessness.
- 1.2 SCC has a duty to provide interim accommodation to customers who it has reason to believe are homeless, are eligible for support and are in priority need as defined within the Housing Act and statutory instruments whilst we assess their case.
- 1.3 SCC also has a duty to provide temporary accommodation to customers where it has been accepted that a full homeless duty is owed and the customer is in priority need.
- 1.4 Whilst interim accommodation and temporary accommodation are separate and distinct types of duties they are both often collectively referred to as temporary accommodation. From hereon in this report the term “temporary accommodation” refers to accommodation used by SCC to meet both interim accommodation and temporary accommodation duties.
- 1.5 If a customer, or someone in their household meets any of the following criteria they are in priority need
 - At risk of domestic abuse
 - Pregnant or living with dependent children
 - Homeless as a result of fire or natural disaster
 - Care leavers aged 18-20
 - 16-17 year olds
- 1.6 Other customers who are deemed to be vulnerable are also in priority need. Vulnerable in this context refers someone being at much greater risk of harm than most people if they were to become homeless. Examples may include disabilities or mental health issues amongst other reasons set out in statutory instruments.
- 1.7 SCC uses several types of property for temporary accommodation:
 - SCC owned temporary accommodation schemes
 - SCC properties taken from general needs housing stock (Dispersed Accommodation)
 - Hotel & B and B accommodation
- 1.8 Like other Local Authorities SCC’s own temporary accommodation schemes have come under increased pressure due to a rise in

homelessness presentations.

- 1.9 Use of dispersed accommodation is not sustainable as it reduces the numbers of properties available for rehousing and has an impact on communities. It is also not suitable for use in an emergency due to the lead in time necessary for example to arrange utilities. We need to keep general needs housing available to provide long term housing for customers on the Housing Register.
- 1.10 This has meant that SCC has needed to utilise hotel and B & B accommodation for temporary accommodation. Figure 1 below shows how SCC's usage of hotel and B & B accommodation has grown since the coronavirus pandemic in 2020. As of 31/12/22 173 households were in hotel accommodation.

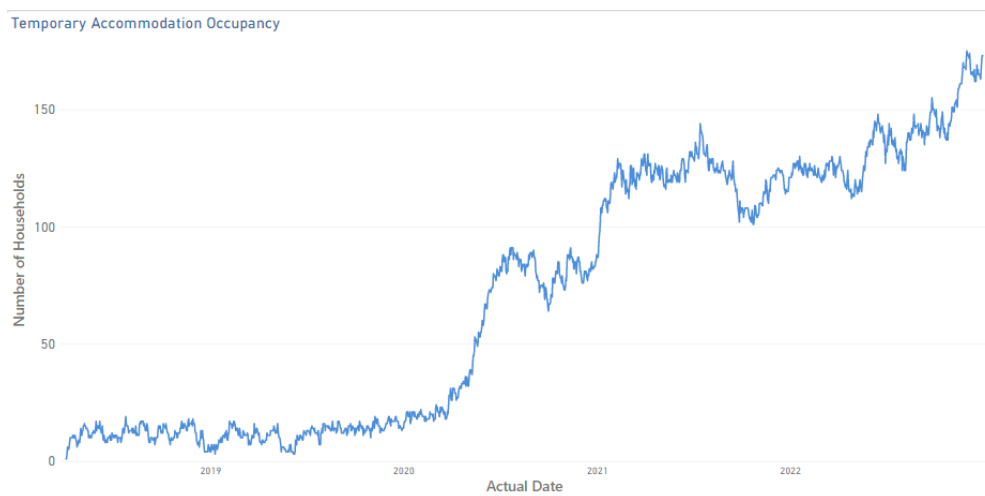


Figure 1: Hotel and B and B occupancy over time by number of households

- 1.11 Whilst SCC wishes to eliminate the use of hotel and B & B for temporary accommodation in the next five years, we need to reduce and control costs associated with this accommodation in the short to medium term. We also need to ensure the customer experience is improved and we make the most efficient use of resources.
- 1.12 As the number of bed spaces required nightly has grown, the number of hotels has expanded across a wide range of locations which means it is resource intensive to visit and provide support to our customers.
- 1.13 All of the premises used are checked for compliance with regulations by Private Housing Standards and are required to deliver a service set out in a schedule of requirements.
- 1.14 Room prices vary and hotel/B & B providers have power to vary rates as they see fit. This makes budgeting for hotel spend difficult and puts SCC in a difficult position when booking rooms. Providers are aware that SCC is reliant on hotel and B & B accommodation.

Significant officer time is spent sourcing, booking and paying for hotel

1.15 accommodation on a nightly basis. This is an inefficient use of officer time and means that customers in temporary accommodation can be moved around between hotels causing distress. We also do not have control over other placements that are made by other organisations or individuals who may use the hotel. This can be a concern when there are major events in the City and this reduces the available properties.

2. HOW DOES THIS DECISION CONTRIBUTE ?

2.1 A procurement exercise will ensure that SCC would have exclusive use of up to 150 hotel/ B & B bed spaces for the two year contract at an agreed nightly rate, this would create greater certainty of cost going forward and reduce officer time needed in sourcing and booking hotel beds.

2.2 The customer experience would be improved as we would have greater control about what properties are used, the number of units at each location and could better meet needs for example by designating separate accommodation for males or females, specifying provision of exclusive use of the hotels, provision of separate sanitary facilities and access to basic cooking facilities.

2.3 We would also be able to set out our requirements for how the hotel would manage the needs of vulnerable customers, mitigate against any community impacts and work with SCC and other agencies for example to manage risks or safeguarding concerns.

2.4 This would not represent net additional usage of hotel and B & B beds but would change how bed spaces are sourced from the current spot booking approach.

2.5 This will contribute to SCC's overall budget management and the Corporate Plan priority for Strong and connected neighbourhoods which people are happy to call home.

2.6 As SCC is seeking to reduce its use of hotel and B & B accommodation an option will be included in the contract to reduce the number of bedspaces by up to 100 in Year 2.

2.7 A soft market test with local hotels/B & Bs was carried out in 2022 and indicated that there is sufficient interest in the local market for a procurement to be a competitive exercise.

2.8 It may still be necessary/desirable for SCC to undertake some spot bookings outside this procurement. E.g. temporary accommodation for customers with very specific needs or large households

- 2.9 In the longer term we aim to eliminate our usage of hotel and B & B accommodation unless it is an absolute emergency by:
- Building new SCC temporary accommodation sites
 - Managing temporary accommodation better and achieving faster move on for customers by expanding access to other housing including good quality private sector and social housing.
 - We are prioritising eliminating the use of hotels for families and as this is only used in emergencies for short periods we do not intend to procure B & Bs for this group but will continue to spot purchase only when this is absolutely the only option. We currently have 11 families in B & B and the majority of these are placed in self-contained apartments.
 - Engaging in better homelessness prevention work in line with the new Homelessness Prevention Strategy. Increasing the number of successful homelessness preventions will reduce the number of customers who become homeless and require temporary accommodation.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 As the proposal concerns a procurement exercise linked to the operational delivery of a service it is not possible to undertake meaningful public consultation on this proposal.
- 3.2 Elected members on the Housing Policy Committee have been informed of the proposals at a Knowledge Briefing on 12/1/23.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 The Equality Impact Assessment did not reveal any significant implications for equality.

4.2 Financial and Commercial Implications

- 4.2.1 The estimated lifetime cost of this contract would be £4.65 million. This would be paid for from the existing temporary accommodation budget.
- 4.2.2 The estimated cost is based on soft market testing undertaken in

Summer 2022, inflationary pressures are likely to have increased costs. However SCC will face these costs regardless of how hotel and B & B bed spaces are sourced.

- 4.2.3 Officers are able to recover the majority of this cost by claiming for universal credit/housing benefit for the customers receiving temporary accommodation where they are eligible. Officers would aim for cost recovery of at least 75-80% cost recovery. This is currently being achieved in our hotel and B & B bookings.
- 4.2.4 The contract will be procured following a competitive procurement process, which will be published on the Mercell Procurement Portal. One single Lot will be advertised. The tender will follow a one stage, open process.
- 4.2.5 The procurement exercise will stipulate a split between quality and price that achieves best value for money. The procurement will include measures to ensure the safety of hotels and B & Bs used. For example that appropriate fire safety measures and insurance is in place.

4.3 Legal Implications

- 4.3.1 An open procurement process for hotel and B & B provision will ensure that our spend on this provision is compliant with SCC's commercial procedures.
- 4.3.2 The Council is a Local Housing Authority with homelessness duties under the Housing Act 1996 (as amended) including the obligation to provide temporary accommodation to eligible applicants who are homeless and in priority need. Those found unintentionally homeless must be provided with temporary accommodation until a permanent home can be arranged for them whereas those found intentionally homeless must be for a period the Council considers would give the applicant a reasonable opportunity to secure their own accommodation.
- 4.3.3 Local Housing Authorities also have a duty under the Housing Act 1996 (as amended) to provide interim accommodation to an applicant who it has reason to believe may be homeless, may be eligible for assistance, and may be in priority need pending assessment and determination of their application whilst their case is assessed.
- 4.3.4 It is lawful for SCC to utilise hotel and B & B provision for temporary accommodation. As stated in 2.9 SCC is currently working to eliminate our use of hotel and B & B accommodation for families in need of temporary accommodation. It is recognised hotel accommodation is particularly challenging for this customer group. Statutory guidance states families should not be housed in hotel/ B & B for any longer than 6 weeks.

4.4 Climate Implications

4.4.1 This change is not foreseen to have significant Climate Implications.

4.4 Other Implications

4.4.1 There are no significant implications to note at this point other than referenced within this report.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 There are no other viable alternative options, to continue spot booking hotel and B & B accommodation would not represent value for money for SCC.

6. REASONS FOR RECOMMENDATIONS

6.1 For the reasons outlined in Section 2 officers recommend the committee to endorse the recommendation to undertake a procurement exercise to block book up to 150 hotel/B & B bed spaces for the next two years.

6.2 Undertaking the procurement exercise will realise the following outcomes

- Provide a ready source of hotel and B & B accommodation which will realise savings in officer time compared to the current spot booking approach. Officer resources can then be redirected to other work within the service.

- Realise more stable and predictable costs for hotel and B & B accommodation compared to the current approach. This will mean budget forecasting and management of spend on temporary accommodation can be improved.