



Decision of:	Interim Corporate Director of Homes and Neighbourhoods
Date of Decision:	25th November 2024
Publication:	Open
Council Priority:	A safe place to call home
Wards:	All
Responsible Officer:	Jed Young
Report No.	I029129

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## Subject: **Contract award for additional capacity for nightly paid temporary accommodation**

### **1. Recommendations**

- 1.1. To approve the award of a framework agreement for the provision and management of emergency licensed nightly purchased accommodation for an initial up period of up to 48 months, including optional extensions up to a total of 72 months, at a cost of between £0 and £52m to the following eight providers:
- Ace Investment Properties Ltd
  - Ashdale Services Limited
  - Caridon Property
  - Ezzi lettings Solutions
  - Linfranc Services
  - National Management
  - Switch Hospitality
  - Theori Housing Management

### **2. Report summary**

- 2.1. The purpose of establishing this framework is to enable the Council to continue to temporarily house homeless people further to its statutory duty to under the homeless legislation as laid down in the 1985 and 1996 Housing Acts. Additionally, the framework will enable the Council to fulfil its duties under the Care

Act 2014 and Children's Act 1989, by offering temporary accommodation to people who have no recourse to public funds (NRPF).

### **3. Details of the proposal**

- 3.1. The procurement strategy preceding this award report was approved by the Executive on 6 October 2023.
- 3.2. Currently, the Housing Needs service is able to secure access to temporary accommodation from eight contracted providers. These providers supply a range of short term licensed, nightly paid accommodation. The eight providers support the Council to fulfil its statutory responsibilities to provide interim and temporary accommodation to homeless applicants. However, due to a significant increase in homelessness over the last two years (35% over the last year), the Housing Needs service increasingly needs to secure access to more good quality temporary accommodation.
- 3.3. This new flexible framework will therefore give the Council access to an additional pool of pre-qualified providers of temporary accommodation and the flexibility to add new providers throughout the duration of the framework agreement, thereby enabling the Council to increase its capacity.

### **4. Other options considered and the reasons for recommending this proposal**

- 4.1. The procurement strategy included an options appraisal of four potential options that were considered:
  - Do nothing and continue with only the existing framework agreement;
  - Procure a traditional framework agreement to attract more providers to work alongside the existing framework agreement signed last year;
  - Procure a flexible framework (FF) under the light-touch regime; and
  - Insourcing.
- 4.2. The recommended option was to carry out a competitive tender to enter into a new flexible framework (FF) agreement with successful providers. The FF will also assist the Council to respond to increased demands and market forces during the term of the FF, including providing scope to secure bespoke emergency accommodation for rough sleepers in the Borough.

## **5. Key impacts and risks of the proposal**

5.1. The key risks are as follows:

- Continuing increased costs of temporary accommodation which will impact on Council budgets.
- Continuing increase in the number of people presenting as homeless and requiring temporary accommodation.
- Continuing contraction of the private rented sector market
- Quality of accommodation may fall short of the council's temporary accommodation standards.

5.2. In order to mitigate against the aforementioned risks the following actions are to be taken:

- Our temporary accommodation strategy over the next five years is to bolster the supply of own temporary accommodation stock through purchasing additional ex-right to buy properties.
- Considering pursuing a third phase of procurement to increase the number of providers who can supply local temporary accommodation. This is to enable the council to fulfil its ongoing statutory duties whilst simultaneously containing costs stemming from an increase in the provision of temporary accommodation.
- Focus on upstream homeless preventions to prevent residents becoming homeless in the first place, thereby negating the need for temporary accommodation.
- Increasing the number of visits to temporary accommodation units to ensure the quality and standard meets our expectations.
- Review of the utilisation of the most expensive temporary accommodation and rehousing those households into settled accommodation more swiftly.
- Regular monitoring of adherence to IBAA rates agreed across London.
- Regular scrutiny of spend and the impact of the FF will alert senior leaders and Members to any prolonged and sustained increase in spend and homeless approaches.

## **6. Key procurement considerations**

- 6.1. The social benefits of this contract are significant. This framework will offer several direct and indirect benefits to the local community including reducing rough sleeping, community safety and community cohesion, supporting the local economy, and homeless households that access our services.
- 6.2. Payment of the London Living Wage will be a condition of this contract.
- 6.3. The Council will work with providers to support commitments to social value such as provider initiatives to support net zero carbon including: promotion of reducing waste; recycling, using energy wisely, providing energy efficient appliances in properties. The utilisation of local supply chain for example local small and medium businesses for repairs and maintenance. Supporting local employment by liaising with iWork and advertising opportunities on the Islington Working website
- 6.4. There are no TUPE, pensions or staffing implications as a result of this new framework agreement.
- 6.5. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

## **7. Procurement award criteria**

- 7.1. The procurement was conducted in accordance with the Public Contracts Regulations 2015 (the PCR). The procurement was subject to the 'light-touch regime' under Section 7 Social and Other Specific Services of Part 2 of the PCR. Under Regulation 76 the Council is free to establish its own procurement procedure, provided that the procedure is sufficient to ensure compliance with the principles of transparency and equal treatment of economic operators (service providers) and is initiated by a contract notice. The process considered the unique nature of this market and was designed so as to fully utilise the flexibility provided by the 'light-touch regime'
- 7.2. A bespoke quality suitability assessment process was designed to enable the council to undertake an assessment of providers prior to them being appointed to the framework,

whilst seeking to be as efficient for providers as possible. Bidders were required to complete questions relating to their financial standing, to confirm they have not committed any offences covered by the mandatory and discretionary exclusions in the Public Contracts Regulations 2015 and to demonstrate the quality standards of their property(ies), including confirmation that they satisfy the quality homes standard and will satisfy the requirements of the services as set out in the framework. Bidders were also required to submit evidence as to how they met relevant standards, for example gas safety certificates.

- 7.3. It is anticipated that demand will be greater than supply, and that all suitable available properties will be utilised. In the event that more properties are available than there is demand for, call-off contracts will be awarded based on an assessment of: 10% price and 90% quality (of which 70% will be core requirements, and 20% social value).

## **8. Contribution to the Islington Together 2030 Plan**

- 8.1. Islington Together 2030 sets out the plan for a more equal Islington, to ensure residents have a safe, decent place to call home and to enable residents who need extra support to access the right support for them at the right time and in the right place.
- 8.2. The provision of local, good quality temporary accommodation will support the council to achieve these ambitions and fulfil its statutory duties to support homeless people when its most needed.
- 8.3. The additional suppliers the council will secure through this award will support the council's aim to prevent and assist rough sleepers, ensuring Islington's remains the London borough with one of the lowest number of recorded rough sleepers, despite the stark rise in homelessness across the country.

## **9. Consultation and community engagement**

- 9.1. This is not applicable for the purpose of this report as formal consultation/community engagement was not required. Notably, the procurement of the eight successful providers within this Flexible Framework, to provide additional capacity was conducted in accordance with the Public Contracts Regulations 2015.

## **10. Implications**

10.1. **Financial Implications**

- 10.2. This report represents an update to the Flexible Framework report (27/06/23) whereby the Housing Needs department can adapt its TA provider lists and expand its network of providers over time. This current report seeks to add 8 additional providers to the TA framework, allowing the Council to use properties from these providers as needed.
- 10.3. The framework agreement is valued at £13m per year. This is £13m in gross revenue costs per year, or £52m over the lifetime of the agreement of 4 years. Gross spend on Nightly booked temporary accommodation (TA), private sector leasing (PSL) and no recourse to public funds (NRPf) is now over £13m.

	FY 23/24	22/23	21/22	20/21	19/20
Nightly Booked TA	£14,465,302	£11,059,889	£11,279,577	£9,195,162	£8,159,200
PSL	£130,384	£241,714	£458,928	£1,490,182	£1,878,878
NRPf Accommodation	£380,357	£334,073	£378,392	£425,675	£425,217
<b>Total</b>	<b>£14,976,042</b>	<b>£11,635,676</b>	<b>£12,116,897</b>	<b>£11,111,018</b>	<b>£10,463,295</b>

\*Note, these figures exclude Hotel and Housing Association bookings.

- 10.4. As it is likely that the costs will exceed the value of the flexible framework, providers will be able to operate outside of the conditions set out in the original framework. This could mean higher costs and lower standards in properties. The department could raise the framework value or seek to reduce costs where possible.
- 10.5. The framework agreement value of £13m per year is not the same as the TA budget. The TA and NRPf budget currently stand at £5,353,500 per annum. This budget is a net budget that includes housing benefit income and support from the Homelessness Prevention Grant to cover.
- 10.6. Any extension of the current framework after four years is likely to represent a framework value increasingly out of sync with the total costs of TA and therefore will

have diminished value as a framework. It is likely at the point of any extension the value of the framework will need to be re-assessed.

- 10.7. The primary driver for TA costs remains the number of cases in TA at any given point. If numbers rise dramatically, it is possible that costs will exceed the framework agreement value in any given year.
- 10.8. This framework agreement seeks to control the cost of properties, ensure provision of sufficient numbers of properties, and set out the terms of engagements with property providers. It is not a formal contract; it does not specify any obligation upon the council to utilise the providers or procure a set number of properties over a given period of time. The agreement consequently does not guarantee that there will be sufficient numbers of properties provided at the pan London Councils inter-borough temporary accommodation agreement (IBAA). There is a risk that if London rents continue to rise then providers will opt not to provide properties through this framework, resulting in recourse to more expensive forms of TA for the council.
- 10.9. This framework agreement operates in the context of department saving targets for TA. The current TA savings targets are £0.407m in FY24/25 and £0.511m in FY25/26. By increasing the use of low-cost council owned properties (through property acquisitions) and greater engagement with private sector discharge (particularly out-of-borough placements), the department seeks to reduce the number of cases in TA.
- 10.10. The addition of new providers may help mitigate a rise in costs if it provides greater TA options; however, it is more likely that the expansion in TA needs from numbers rising will result in overall costs continuing to rise. As costs seem likely to exceed the £13m framework agreement value, many of the new providers may ultimately supply properties that are not subject to terms of the framework.
- 10.11. **Legal Implications**
- 10.12. The Council has a duty to provide accommodation to certain categories of homeless persons under the Housing Act 1996 and the Homelessness Reduction Act 2017. The Council is also under a duty to meet service users' need for care and support which may include provision of interim accommodation for those with no recourse to public funds (Care Act 2014).
- 10.13. The Council has power to enter into framework agreements to secure the provision of accommodation under section 1 of the Local Government (Contracts) Act 1997.
- 10.14. The procurement has been undertaken in accordance with the requirements of the Public Contracts Regulations 2015 (Light Touch Regime) and the Council's

Procurement Rules. Tenders were subject to evaluation in accordance with the tender evaluation model. The eight providers listed in Appendix 1 all gained passing evaluation scores and may therefore be appointed as parties to the framework agreement.

10.15. The Procurement Strategy Report delegated authority to award any framework agreements to the Corporate Director of Homes and Neighbourhoods following consultation with the Executive Member for Housing and Development. In deciding whether to appoint the recommended providers consideration should be given as to the competence of the providers to provide the services and that the tender price represents value for money for the Council.

10.16. **Climate Change and Environmental Implications**

10.17. The main environmental impacts associated with the provision of temporary accommodation are the same as with most residential dwellings. These will be predominately associated with the energy use in the accommodation and particularly from the use of gas heating. These can be mitigated by better insulation, reducing energy bills and improving thermal comfort and by switching to a low carbon heating system.

10.18. Efforts will be made to ensure the properties being procured have high energy and water efficiency that encompasses the following:

- inviting the providers to report on the collective carbon emissions of the properties procured
- reporting any specific interventions they have made to reduce the carbon emissions from the properties procured
- requesting periodic updates on their climate action ambitions and how these align with the Council's ambitions for Net Zero.

10.19. The providers will also be monitored on their repairs, cyclical maintenance and repairs as well as efforts made to insulate homes. Whilst the cost of living crisis prevails we will ensure that providers are giving residents information on how to save energy and use it wisely.

10.20. **Equalities Impact Assessment**

10.21. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant



protected characteristic and those who do not share it (section 149 Equality Act 2010).

- 10.22. The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 10.23. An Equalities Impact Assessment was completed on 10 May 2024. Overall the EIA concludes that not all of the potentially negative impacts on households can be mitigated, but that equality implications have been fully considered and that the policy approaches have been justified. It is required to consider the potentially negative impacts on protected groups and whether these impacts are justified by the Council's wider objectives in implementing the policies. The impact of the policies and in particular the equality impact of the policies will in any event be kept under regular review. The full Equalities Impact Assessment is appended to this report as **Appendix 1**.

## 11. **Timetable for implementation**

- 11.1. Implementation of the framework agreement with the eight temporary accommodation providers will commence as soon as the award is approved.
- 11.2. There is no mobilisation period. Once the framework agreement has been signed by all providers, the council will be able to accept offers of temporary accommodation.

### **Report authorised by:**

Director of Housing Operations and Deputy Corporate Director

Date: 29 October 2024

## 12. **Record of the decision**

I have today decided to take the decision set out in section 1 of this report for the reasons set out above. My agreement is indicated by the checkbox below.

Decision authorised by:

**Interim Corporate Director of Homes and Neighbourhoods**



Date: 25/11/24

**Appendices:**

- **Appendix 1:** Equalities Impact Assessment.

**Relevant decisions / reports:**

- [Decision - Procurement strategy for temporary accommodation | Democracy in Islington](#)

**Background papers:**

- N/A

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