

Agenda Item 5

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Date	9 February 2016		
Ward (s) affected	All	Key Decision	Yes
Subject	Framework Agreement for Bed and Breakfast Accommodation		
<p>Recommendations</p> <p>The Executive is asked to approve:</p> <ul style="list-style-type: none"> • that the Council procures and establishes a framework agreement for purchasing temporary bed and breakfast accommodation for statutory homeless households; • that the framework agreement is developed in partnership with the Borough Councils of Elmbridge, Epsom and Ewell, Reigate and Banstead and Spelthorne and that Mole Valley District Council (MVDC) is the lead authority; • the initial procurement timetable and process; • permission to commence the procurement process; and • that the focus of the procurement process is to deliver value for money and the provision of bed and breakfast accommodation that is of appropriate quality and safe. 			
<p>Prosperity</p> <p>A vibrant local economy with thriving towns and villages</p> <ul style="list-style-type: none"> • Promote business opportunities across the district. <p>There is one small bed and breakfast establishment in the district that provides accommodation for homeless households from time to time. The procurement exercise may encourage a few more local businesses to provide this type of accommodation within the district.</p>			
<p>Community Wellbeing</p> <p>Active communities and support for those who need it</p> <ul style="list-style-type: none"> • Support individuals and families who find themselves unintentionally homeless so that education and employment are not put at risk. <p>As mentioned above there is only one bed and breakfast establishment in the district</p>			

that provides accommodation for homeless households from time to time. The majority of the establishments currently used by MVDC are in Crawley, Horley and Croydon. This exercise should encourage local suppliers to provide accommodation and this will help ensure that the education and employment of homeless households is not put at risk.

The Executive has the authority to determine the recommendations as set out in the Part 3 of the Council's Constitution.

1.0 Bed and Breakfast Framework Agreement

- 1.1 Local authorities have a duty to accommodate households made homeless or threatened with homelessness in accordance with the Housing Act 1996 Part 6 and the Homelessness Act 2002. The majority of the households accommodated are families with children with a smaller number being vulnerable couples or single people. The majority are accommodated in the Council's own emergency accommodation in the district, but when this is full and there are no other alternatives, bed and breakfast accommodation outside the area is generally used.
- 1.2 Bookings are made by spot purchase which for this type of demand-led purchase is within the procurement rules. The average cost per night for a family of four in bed and breakfast accommodation with shared facilities is £65. During 2015/16 the number of households in bed and breakfast has ranged from 6 to 18.
- 1.3 Bed and breakfast accommodation can be self contained or with shared kitchens and other communal facilities and is paid for by MVDC on a nightly basis. Proprietors submit monthly invoices and are paid in accordance with MVDC's terms and conditions within 28 days. The Council charges each resident an occupation charge, which is eligible for Housing Benefit, but it is less than the charge made to the Council by the proprietor of the bed and breakfast establishment. Similar arrangements are in place at most local authorities to discharge their duties under the homelessness legislation.
- 1.4 The charges are agreed with proprietors individually by each authority and across Surrey these can vary. Proprietors usually apply annual increases. Standards of accommodation are checked with the home local authority for each establishment and by requesting gas certificates where appropriate and information on fire and risk assessments. These requirements are in keeping with the Council's recently approved policy on the Suitability of Emergency Accommodation for Homeless Applicants.
- 1.5 There have been no previous procurement exercises for bed and breakfast accommodation in Surrey and by working together with Elmbridge, Epsom and Ewell, Reigate and Banstead and Spelthorne on a joint framework agreement the intention is to source bed and breakfast accommodation that is:
 - within a boundary agreed by the authorities
 - good value for money
 - suitable quality; and
 - safe.
- 1.6 The bed and breakfast accommodation currently used by the five authorities covers a wide geographic area and includes Sussex and London. Whilst, for MVDC, the exercise could potentially provide a wider choice of establishments across a wider geographic range, the intention is that only those closest to the district will be used in accordance with the Council's approved policy on the Suitability of Emergency Accommodation for Homeless Applicants.

- 1.7 The estimated annual value of the framework agreement between the five authorities is £4.5m excluding VAT and Official Journal of European Union (OJEU) rules for procurement will apply. Given the amount spent on bed and breakfast it is considered appropriate and justified to test the market with a procurement exercise. It is also hoped that the exercise will also encourage new suppliers across the partnership area.
- 1.8 The proposed timetable for the exercise will be:

Stage	Date
Issue of Invitation To Tender	March 2016
Submission of Tender	May 2016
Evaluation of Quotes	June and July 2016
Expected contract award date	September 2016
Contract commencement	October 2016

- 1.9 A market engagement/meet the buyer event will be held before the formal timetable commences to encourage market participation.

2.0 Financial Implications

- 2.1 Bed and breakfast accommodation is spot purchased by all the authorities, which is within the procurement rules as it is demand led. Block purchase is considered not to be cost effective because of the risk of paying for empty rooms. However, given the amount that is spent on bed and breakfast the procurement exercise is considered justified and the framework could result in improved prices and standards. Based on 2014/15 and 2015/16 the annual net cost to this Council is approximately £130,000 (2015/16).

3.0 Legal Implications

- 3.1 As lead authority, the Council will be acting as a central purchasing body and will enter into the framework agreement with the successful supplier(s). Our partner Councils will be named in the OJEU contract notice advertising the opportunity and this will give each of them the right to access the framework agreement, subject to entering into an access agreement with the Council.
- 3.2 The Public Contract Regulations 2015 (PCR 2015) as well as the Council's own Contract Standing Orders will regulate this procurement. The PCR 2015 make it clear that even where the Council is acting as lead authority, each of our partner Councils are jointly responsible with the Council for ensuring that the procurement complies with the PCR 2015 (reg 38(3)).
- 3.3 Setting up the appropriate inter-authority governance arrangements for the duration of the procurement process will assist in ensuring that each of the participating Councils' requirements have been understood and captured in the procurement documentation and this will assist in an efficient and timely procurement process.
- 3.4 Procuring and establishing a framework agreement does not by itself oblige the Council or any of our partner Councils to purchase any bed and breakfast

accommodation from the appointed supplier(s). Nor will it commit the appointed suppliers to guarantee room availability as and when the Council needs bed and breakfast accommodation. The framework agreement instead establishes the terms and conditions, including either prices or a mechanism for pricing as well as obligations as to the quality of the accommodation, under which the Council purchases such bed and breakfast accommodation as and when it requires it under a call-off agreement. Depending on the terms of the framework and the likely market interest, each call-off may be undertaken without further competition. The Council is free during the term of the framework agreement to procure bed and breakfast accommodation elsewhere if need be.

4.0 Options

4.1 There are two options the Executive are asked to consider.

Option 1

Approve the recommendations of this report to carry out an exercise to procure and establish a framework agreement for bed and breakfast accommodation.

Option 2

Do not approve the recommendations of this report to carry out an exercise for a framework agreement for bed and breakfast accommodation and request further work is undertaken.

5.0 Corporate Implications

5.1 Monitoring Officer Commentary

The Monitoring Officer is satisfied that all relevant legal implications have been taken into account.

5.2 S151 Officer Commentary

The S151 Officer confirms that all material financial implications and risks have been considered in this report.

5.3 Risk Implications

There is a risk that the bed and breakfast proprietors may not wish to take part in the exercise. Should this occur the objectives of the exercise may not be achieved, however, it will demonstrate that the authorities involved have endeavoured to test the market place.

5.4 Equalities Implications

An equalities impact assessment has been carried out for the Suitability of Emergency Accommodation for Homeless Households Policy 2015, and was reported to the 19 January Executive. Equalities issues relating to this report are covered in this impact assessment.

5.5 Employment Issues

There are no employment issues relating to this report.

5.6 Sustainability Issues

There are no sustainability issues relating to this report.

5.7 Consultation

The Scrutiny Committee was consulted on this report on 26 January and their comments will be reported to the Executive.

5.8 Communications

A press release has been prepared to go with this report.

6.0 Background Papers

There are no background papers to this report.

