

Cabinet 25 November 2020

Contract Award Report

Date of meeting	25 November 2020
By	Paul Connolly, Strategic Category Manager, Commissioning & Procurement (Adults, Health and Integration)
Title	Award of Extension - Emergency Accommodation at Lansdowne Hotel
Project Sponsor	Yvonne Murray, Director of Housing Assessment and Solutions
Lead Member	Councillor Alison Butler (Cabinet Member for Homes & Gateway Services)
Key Decision	n/a

1. Recommendations

The Leader of the Council has delegated to the Cabinet Member for Homes and Gateway Services in consultation with the Cabinet Member for Finance and Resources the power to extend by way of variation in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations:

1. The COVID 19 Response Emergency Accommodation contract awarded to the Lansdowne Hotel contract for an extension period of 7 months from the 31 October 2020 to the 31 May 2021 at an additional cost of £378,420 for a maximum aggregated contract value of £765,275

2. Background & strategic context

The purpose of this report is to seek an extension of the existing agreement with Lansdowne Hotel to continue providing emergency accommodation for those who are homeless with complex needs until 31 May 2021.

BACKGROUND

In an emergency response to COVID-19, the Council originally provided emergency accommodation and meals for residents suffering from COVID-19 that were homeless. This was to enable residents at risk of rough sleeping to adhere to the Government's infection control guidance and social distancing guidance. The Council secured rooms at the Lansdowne Hotel from 17 April 2020. The Council secured 42 rooms with basic facilities and due to the rooms not having appropriate cooking facilities or food storage, arranged for the provision of two meals (microwaveable food packs) each day for a minimum period of 12 weeks, at a total value of £199,430

A letter received from the Minister for Rough Sleeping & Housing on 28 May 2020, in relation to arranging move-on accommodation, stated the Council must continue to:

1. Explore sustainable options, including through partnership with housing associations and the private rented sector
2. Encourage people sleeping rough to stay with friends or family (where appropriate/possible)
3. Where no move-on possibility exists, the Council must provide short-term accommodation whilst looking at longer-term options

To meet part three of the guidance during the ongoing pandemic the contract was subsequently extended from 18 July to 31 October 2020 for a value of £187,425. Following the relaxation of self-isolation rules, there was no longer a requirement to provide meals, and therefore this element of the contract was not renewed. There is a bottleneck of supply of longer term temporary accommodation currently so move-on options are limited which is why this hotel is still required.

The proposed modification does not fall within the permitted modifications under PCR 2015 as the increase in value exceeds 50%. However, it is not considered that there is a significant risk of the extension being challenged and the risk of not being able to meet the Council's statutory duties by ensuring vulnerable homeless residents are accommodated during the COVID-19 pandemic is greater.

COST OF EXTENSION

To date the Lansdowne Hotel has been contracted by Croydon Council from the 17 April to 31 October 2020 for the total aggregated value of £386,855. The split of this contracts can be seen below:

1. Lansdowne Hotel Contract Details 17 April to 31 October 2020

Term	No. of rooms	Total cost £	Catering	Total Cost £	Combined total cost £
17/04/2020-17/07/2020 (92 days)	42	£151,130 (£42.50 per room)	2 meals each day (separate contract)	£48,300	£199,430
18/07/2020- 31/10/2020 (105 days)	42	£187,425 (£42.50 per room)	No meal provision	n/a	£187,425
Total Aggregate spend to date					£386,855

2. Proposed Lansdowne Hotel Contract Extension Details 31 October 2020 to 31 May 2021

Term	No. of rooms	Unit price per room £	Total cost £
31/10/20- 31/05/2021 (212 days)	42	42.50	£378,420

The agreement for the Lansdowne Hotel includes the management of the rooms including security and cleaning. The security is managed by the same company that currently manages the adjoining hostel accommodation. It is noted that the actual expenditure relating to this provision is likely to fluctuate, however, this will be closely monitored by both the Head of Asset Management & Estates, and Finance. A copy of the agreed terms and conditions with the Lansdowne Hotel is currently with the Head of Asset Management & Estates. The nightly rate of £42.50 is slightly above the night rate of emergency accommodation in hotels across the borough though the pandemic has seen increased costs.

THE PROVIDER

The Lansdowne Hotel is a 3-star hotel built in 2010 and remodelled in 2012. The property is situated in the centre of Croydon, in easy reach of Croydon University Hospital, which is about 1.7 km away.

RATIONALE FOR THE CONTRACT EXTENSION

Support during second peak - The recommendation is to extend the COVID-19 Response Emergency Accommodation contract to ensure the Council's continued response to the COVID-19 pandemic, in accordance with central government guidance. As stipulated the extension is recommended for a period of 7 months from the 31 October 2020 to 31 May 2021. Internal stakeholders have identified that this period would provide us additional cover over the coming winter, through a second wave in the COVID-19 pandemic as well as allow enough time for alternative options to become operational (the current intention to replace this capacity) and allow for Lansdown to be decanted.

Meeting COVID related demand – The Lansdowne hotel is made up of double rooms and are therefore can only be occupied by one adult plus one child or a single person. The occupancy levels have range between 90 – 100%. When a vacancy is identified it is quickly allocated. Over this COVID-19 period demand for nightly let accommodation has averaged 20 placements per week with the average no of households leaving accommodation at approximately 15 over the same period. We have seen an increase of 5 extra placement per week over this period, equating to 130 additional households needing accommodation.

Providing continuity for service users - Extending the current contracts for a period of 7 months will provide stability for service users whilst future commissioning intentions are finalised. The hotel has been full consistently since introduced. Furthermore the Lansdown is a local provider who, due to the pandemic, was unable to open their business.

Meeting legislation requests - Under housing legislation, the Council has duties to provide interim (or temporary) accommodation to certain households who present as homeless. The council must continue to provide short term accommodation during the pandemic while looking for longer term options for individuals. If legislation changes, six week notice has been negotiated with the Lansdown Hotel to decant residents to hostels or other accommodation.

FUTURE COMMISSIONING INTENTIONS

On average approximately 700 people at risk of homelessness use nightly accommodation via hotels. Emergency accommodation should only be used in emergencies and the council needs sufficient supply of decant accommodation. The council is reviewing the pathway and its use of emergency accommodation, temporary accommodation and supported housing, with the results of the review and options for commissioning intentions being reported to Members and CCB by December.

There are four solutions being explored for emergency accommodation:

1. Repurpose building(s) for emergency accommodation.
2. A framework or Dynamic Purchasing System (the most popular solution with London boroughs)
3. Croydon sources a single third party organisations that would procure, allocate and manage private rented and leased properties on behalf the council.
4. Formal tender for hotel accommodation if the above options are not satisfactory.

CONSULTATION

Consultation with key senior stakeholders has taken place including Head of Gateway Housing Need, Housing Assessment and Solution, Emergency Accommodation Team Manager and Director of Housing Assessment and Solutions, Housing Assessment and Solution. Stakeholders are in agreement that service delivery needs to be maintained in order to meet statutory duties to accommodate vulnerable service users whilst these implications are clarified.

The current service provider has been consulted and they are agreeable to the 7 month extension of the above mentioned individual contracts. Further consultation will form part of any re-commissioning of the contracts in the future. This will include market engagement and consultation with all stakeholders.

3. Financial implications

Details	Internal		Period of funding	External		Period of funding
	Capital	Revenue		Capital	Revenue	
C13402 (31/10/20-31/05/21)		£378,420 (gross) Expected income £270,510	October 2020 to May 2021			
MHCLG COVID Funding		£107,910 (net)				

Whilst the forecast position is for an underspend in Emergency Accommodation of £202,000, the overall homelessness service is forecasting a pressure of £754,000 at the end of period 5 and entering this contract at this rate will not help address that overspend as the nightly room cost is £42.50 against an average cost of a double B&B room used for homelessness accommodation of £38.25 in the first 5 months of 2020/21.

However, this spend is Covid related and it can be expected that Croydon will recover housing benefit at Local Housing Allowance rates against the costs leaving a residual cost of around £8.75 per room per night plus any unrecovered debt. If all income is collected the cost of this extension will be approximately £77,910, plus estimated debt costs of between £13,000 and £30,000 totalling around £107,910. This net cost of this service will allocated to Covid-19 MHCLG funding.

The occupancy rate of the rooms is 95% and is likely to continue at this rate. If occupancy drops, a reduction in the number of paid rooms will be arranged with Lansdown Hotel.

4. Supporting information

ORIGINAL PROCUREMENT METHOD

This contract was procured using the negotiated procedure without prior publication which is allowed under Reg 32 (2) (c) of PCR 2015. This procurement was deemed necessary for reasons of extreme urgency brought about by COVID-19 which in itself is an unforeseeable event that did not allow Croydon to comply with the time limits for the open or restricted procedures or competitive procedures with negotiation.

As stated above the proposed modification does not fall within the permitted modifications under PCR 2015 however the conditions for the original procurement have not changed and the, ever changing, extreme urgency still remains. Therefore this contract extension will need to be made to ensure our continued response to the COVID 19 pandemic.

OPTIONS CONSIDERED AND REJECTED

Re-procuring the services for 7 months: For reasons set out above as consequences of the COVID-19 pandemic, it has not been possible to achieve a formal procurement within the given timescales. There are also ongoing provision requirements which would be interrupted by a change in provider at this time and would impact vulnerable residents.

'Do Nothing': The provision of emergency accommodation is a statutory service requirement and central government has advised the Council to continue to deliver this provision. Furthermore the Emergency Accommodation Team Manager has informed that currently demand for emergency accommodation outweighs supply and sudden termination of the Lansdown contract would leave a number of services without appropriate accommodation.

Extend the contract with the incumbent provider for 7 months via contract variation: Undertaking an extension of the contract with the Lansdowne Hotel for the provision of emergency accommodation is recommended to ensure the Council responds to the COVID-19 pandemic in accordance with central government guidance.

CONTRACT MANAGEMENT AND OWNERSHIP

The service is currently closely monitored by the Emergency Accommodation Team who work with the provider on a weekly basis. Contract management will be led by Gateway Housing Need, Housing Assessment and Solution. They will be supported in contract management by Health, Wellbeing and Adults, Commissioning and Procurement.

EXIT ARRANGMENTS AND TRANSITION PLAN

Through consultation with the Emergency Accommodation Team Manager it is estimated that it would take the team four weeks to decant the Lansdown, therefore it was agreed that any extension of the contract would need to factor this period as well as the time to re-purpose any existing stock.

The provider has agreed to a six week termination clause.

EQUALITIES

Due to the nature and haste of the procurement an equalities assessment was not completed prior to procurement. However, a new assessment will be completed as part of the programme to open up alternative options.

SOCIAL VALUE

It is believed this contract maximises the benefit for our local community as this contract is with a local provider, employing local staff at London living wage during a time.

LONDON LIVING WAGE

The Provider is currently paying all their staff the London Living Wage

5. Conclusion and reasons for recommendations

Croydon Council is required to continue its statutory duties to prevent and relieve homelessness and to ensure that Croydon is able to continue to meet the demands placed on it by the current pandemic. The recommendation is to extend the contract with the incumbent provider for 7 months via contract variation to allow for stability of current service delivery whilst enabling enough time to deliver a long term and a sustainable alternative.

1. Outcome and approvals

Outcome	Date agreed	
<i>Approved</i>	Service Director	<i>Yvonne Murray 8/10/20</i>
	Legal Services	<i>Sonia Likhari, 6/10/20</i>
	Head of Finance	<i>Lisa Taylor, 4/11/20</i>
	Human Resources (if applicable)	<i>Not applicable</i>
	C&P Head of Service	<i>Ed Humphreys, 13/10/20</i>
	Lead Member	<i>Clr Butler, 13/10/20</i>
	CCB	<i>CCB1630/20-21 05/11/2020</i>

2. Comments of the Council Solicitor

Approved by Sonia Likhari on behalf of the Director of Law and Governance

3. Chief Finance Officer comments on the financial implications

Approved by Lisa Taylor, Director of Finance, Investment and Risk and S151 Officer