



**Executive**  
15 November 2010

**Report from the Director of  
Housing and Community Care**

Wards Affected:  
[ALL]

**Authority to Invite Tenders for the Procurement and  
Management of Temporary Accommodation**

**\*APPENDIX A IS "NOT FOR PUBLICATION"**

**1.0 Summary**

1.1 This report seeks authority pursuant to the Council's Contract Standing Orders 88 and 89 to invite tenders to conclude a framework agreement for the Procurement and Management of Temporary Accommodation pursuant to the Council's Private Managed Accommodation Scheme (PMA). The proposed framework agreement will commence in April 2011 for the duration of two years with an option to extend for up to two years.

**2.0 Recommendations**

2.1 The Executive to give approval to the pre - tender considerations and the criteria to be used to evaluate tenders for a framework agreement for the Procurement and Management of Temporary Accommodation as set out in paragraph 3.4 of the report.

2.2 The Executive to give approval to officers to invite expressions of interest, agree shortlists, invite Tenders for a framework agreement for the Procurement and Management of Temporary Accommodation and evaluate them in accordance with the approved evaluation criteria referred to in 2.1 above.

**3.0 Detail**

3.1 The Council has a statutory duty to provide suitable temporary accommodation to homeless persons who are eligible and have a priority need for accommodation under part VII of the Housing Act

1996(as amended by the Homelessness Act 2002). There are currently just under 3,000 homeless households in various Temporary Accommodation (TA) schemes. Private Sector Leasing (PSL) schemes involve the Council leasing properties from the private sector and letting them to homeless households as temporary accommodation and the Council has a number of these. The proposed Private Managed Accommodation scheme is a type of Private Sector Leasing Scheme.

### 3.2 Temporary Accommodation Subsidy Changes

In 2009 the Department for Work and Pensions (DWP) introduced changes to TA Subsidy which would restrict PSL subsidy income to Local Housing Allowance (LHA) minus 10% plus a weekly £40 management fee. On the 1st April 2010, without any prior notification, DWP announced further changes to Housing Benefit (HB) subsidy for TA. This involved imposing a ceiling subsidy cap of £500 per week for inner London and £375 per week for everywhere else.

In addition to this, DWP has proposed that from 1<sup>st</sup> April 2011, the PSL subsidy formula will apply to Housing Association Leasing (HAL) schemes. The estimated cost to the Council of this change would be £900,000 for 2010/2011. To mitigate this cost, Brent Council will need to procure larger properties at a lower cost under the proposed PMA scheme. In Brent the HB changes have made it very difficult to procure four and five bed accommodation within the geographical boundaries of the Borough under any of Brent's existing TA leasing schemes.

For Bed and Breakfast (B&B) units the new subsidy cap is limited to the one bedroom LHA Rate, irrespective of the size of household placed by the Council. Current one-bedroom rates for LHA are as follows: £ 24.72 per night in the north of the Borough and £35.70 per night in the south of the Borough respectively and large losses are currently made on B&B placements.

### 3.3 The proposed PMA scheme will replace the majority of the current supply of B&B units. It is anticipated that the reduction in B&B usage will produce cost savings of approximately £440,000 over 12 months.

The PMA scheme will also provide the council with an additional supply of units that will be needed to house homeless households that can no longer be provided for under the HALS scheme. This particularly applies to larger households that require 4 and 5 bed properties.

### 3.4 The PMA scheme will utilise Housing Benefit subsidy to fund the lease and management costs of the scheme. The specification for the contract will incorporate improved property procurement and management standards agreed by the West London Alliance.

The scope of services will include a full property management service to include property acquisition, viewings and lettings processes, tenancy management, property inspections, administering decants, void periods and property handbacks and performance management.

The services under the proposed framework agreement will be provided by multiple providers. The Council will be the lead authority for the operation of the framework agreement. There will be provision for members of the West London Alliance to call off services from the proposed framework agreement. The major advantage of this for the Council is that a competitive price for the services can be achieved as a result of the potential combined buying power of the West London Alliance.

3.5 In accordance with Contract Standing Orders 89 and 90, pre-tender considerations have been set out below for the approval of the Executive.

<b>Ref.</b>	<b>Requirement</b>	<b>Response</b>
(i)	The nature of the service.	To procure and manage temporary accommodation properties, let to homeless persons as nominated by the council through a framework agreement operated by multiple providers.
(ii)	The estimated value.	£2.6m based on the procurement of 500 unit's accommodation for a four year contract.
(iii)	The contract term.	8 <sup>th</sup> April 2011 for 2 years with the option to extend by up to a further 2 years.
(iv)	The tender procedure to be adopted including whether any part of the procedure will be conducted by electronic means and whether there will be an e-auction.	<p>Formal tendering by way of a "Two-Stage Tender" process in accordance with the Council's Standing Order 96(c). Stage 1 – Call for expressions of interest and short-listing; Stage 2 – Issuance of invitations to tender.</p> <p>It is anticipated that this procurement will be of interest to the wider market so it will voluntarily be advertised through the Official Journal of the European Union (OJEU). Part 6 of the Council's Constitution – Financial Regulations – Paragraph 8.1.2 states that regard must be had to the Council's Contract Procurement and Management Guidelines (the "Blue Book"). Paragraph 7.3.4 of the Blue Book states that once a voluntary choice has been made to advertise in the OJEU then the EU Regulations (as enacted in the Public</p>

		Contracts Regulations 2006 [as amended]) must be followed in their entirety. Additionally, in order to attract local providers, the procurement will be advertised in the local press and on the Councils web site.	
v)	Executive	<b>Date of action</b>	<b>Date of completion</b>
	<b>Exec meeting Approval to proceed</b>	15/11/2010	15/11/2010
	Dispatch of OJEU notice/issue of PQQ	16/11/2010	16/11/2010
	PQQ Return Close Date	16/12/2010	16/12/2010
	PQQ Evaluation	16/12/2010	07/01/2011
	Issue invitation to tender	07/01/2011	07/01/2011
	Tendering period	07/01/2011	18/02/2011
	Tender close date	18/02/2011	18/02/2011
	Tender Evaluation/ Tender Appraisal Panel & Draft Recommendation Report to Democratic Services for Leaders briefing	19/02/2011	28/02/2011
	<b>Leaders Briefing</b>	28/02/2011	28/02/2011
	<b>Final Report to Democratic Services for despatch to Executive Meeting</b>	02/03/2011	02/03/2011
	<b>Brent Cabinet/ Executive meeting decision</b>	14/03/2011	14/03/2011
	<b>Conclusion of framework agreement and notices to successful and</b>	15/03/2011	15/03/2011

	<p><b>unsuccessful tenderers</b></p> <p><b>Standstill period (period of time that the Council will not be able to enter into any formal contractual arrangement with the successful tenderer[s])</b></p> <p><b>Contract start date</b></p>	<p>16/03/2011</p> <p>08/04/2011</p>	<p>06/04/2011</p> <p>08/04/2011</p>
(vi)	<p>The evaluation criteria and process.</p>	<p>Shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines namely the pre qualification questionnaire and thereby meeting the Council's minimum requirements in relation to financial standing requirements, technical capacity, technical expertise and compliance with statutory requirements such as health and safety. Candidates who meet the Council's minimum requirements will be selected to tender and issued with invitations to tender.</p> <p>The Framework Agreement will be concluded on the basis of the most economically advantageous offer, with the tenders received to be evaluated against the evaluation criteria:</p> <ul style="list-style-type: none"> <li>○ Tendered Prices – 50% weighting</li> <li>○ Quality Assessment – 50% weighting based on the following criteria: <ul style="list-style-type: none"> <li>• Proposed staffing levels to deliver the service weighting 3%</li> <li>• Proposed method for delivering the specified housing management service Weighting 5%</li> <li>• Proposed method for delivering the specified voids management service weighting 10%</li> </ul> </li> </ul>	

		<ul style="list-style-type: none"> <li>• Procuring, repairing and maintaining properties and managing tenants in properties weighting 27% This is divided into to the following sub-criteria: <ul style="list-style-type: none"> <li>- Procuring – 9%</li> <li>- Repairs/maintenance – 10%</li> <li>- Complaints handling – 3%</li> <li>- Equal opportunities – 3%</li> <li>- Anti-social – 2%</li> </ul> </li> <li>• Implementation weighting 5% Divided into the following sub-criteria: <ul style="list-style-type: none"> <li>- Timetable to implement service – 3%</li> <li>- Electronic invoicing – 2%</li> </ul> </li> </ul> <p>Financial and legal considerations on tenders returned are to be given by the Housing Finance Team and representatives from the Council's Legal and Financial services respectively. Where required, these representatives will participate in the evaluation panel.</p> <p>A further report will be presented to the Executive seeking approval of the award recommendation.</p>
(vii)	Any business risks associated with entering the contract.	No specific business risks are considered to be associated with entering into the proposed contract. Financial Services have been consulted concerning this contract.
(viii)	The Council's Best Value duties.	The voluntary advertising of the procurement on the OJEU will attract competition from the wider market. Also, the conclusion of the framework agreement based on the most economically advantageous tender by way of a Two-Stage Tender process as detailed above. These will assist the Council in achieving best value for the proposed service.
(ix)	Any staffing implications, including TUPE and pensions.	None
(x)	The relevant financial, legal and other considerations.	See paragraphs 4.0 to 6.0 below

3.4 The Executive is asked to give its approval to these proposals as set out in the recommendations and in accordance with the Council's Contract Standing Order 88.

#### **4.0 Financial Implications**

- 4.1 Part 4, section 2.5 of the Council's Constitution states that contracts for supplies and services exceeding £500k or works contracts exceeding £1million shall be referred to the Executive for approval to invite expressions of interest, agree shortlists and invite tenders.
- 4.2 The estimated value of this 4 year contract is £2.6 million and will be funded entirely from Housing Benefit Subsidy.
- 4.3 The DWP have reduced temporary accommodation subsidy for all forms of temporary housing.
- 4.4 The introduction of the PMA scheme will mitigate the £900,000 cost that will arise from the reduction in temporary accommodation subsidy for Housing Association Leasing (HAL) schemes from the 1<sup>st</sup> April 2011.
- 4.5 The PMA scheme will replace the majority of the current supply of B&B units. The reduction in B&B usage will produce cost savings of approximately £440,000 over 12 months.

#### **5.0 Staffing Implications**

- 5.1 These services are currently provided by an external contractor and there are no implications for Council staff arising from tendering this contract. It has also been confirmed by a senior member of the Council's employment law team that there are no issues arising out of the Transfer of Undertakings (Protection of Employment Regulations) 2006 in relation to the proposed procurement.

#### **6.0 Legal Implications**

- 6.1 The requirement to provide accommodation to persons who are homeless and satisfy the qualifying criteria for assistance arises under Part VII of the Housing Act 1996 ("the 1996 Act") as amended by Homelessness Act 2002. The Council has a statutory duty pursuant to section 193 of the 1996 Act to provide temporary accommodation to homeless applicants who satisfy the following criteria: they are homeless or threatened with homelessness; they are eligible for assistance; they are in priority need of accommodation, they have a local connection with the Borough of Brent and they are not intentionally homeless. The circumstances in which the Council will cease to be subject to any such duty are set out in section 193(6)-(7B) of the 1996 Act, which include the applicant accepting an offer of

accommodation under Part VI of the 1996 Act under the Council's allocation scheme and accepting an offer of an assured tenancy from a private landlord. Unless the homeless applicant has a "restricted" person in their household where the restriction relates to that person's immigration status, the Council can also discharge its duty under section 193 of the 1996 Act by providing the homeless applicant a qualifying offer of an assured shorthold tenancy and the applicant is advised in writing in advance that he is under no obligation to accept such an offer of accommodation.

- 6.2 The Council also has a statutory duty under section 188(1) of the 1996 Act to secure that temporary accommodation is available to homeless applicants pending a decision regarding their homelessness application. This is where the Council is satisfied that such applicants are homeless, eligible for assistance and have a priority need for accommodation. That duty ceases once a decision is made and if the decision is that the applicant does not qualify for assistance under Part VII of the 1996 Act, the homeless applicant has the right to request a review of such a decision and in those circumstances the Council has the discretion (as opposed to duty) under section 188(3) of the 1996 Act to house the homeless applicant in temporary accommodation pending the review by the Council of its decision. If the decision is that the homeless applicant qualifies for assistance under Part VII of the 1996 Act, the Council is under a duty to provide temporary accommodation pursuant to section 193 of the 1996 Act as detailed in the previous paragraph.
- 6.3 The Procurement and Management of Temporary Accommodation is considered to be a part B service under the Public Contracts Regulations 2006 (PCR) and as such the application of the PCR to this procurement is limited. However as the Council has chosen to issue a voluntary notice in the OJEU, Part 6 of the Council's Constitution – Financial Regulations – Paragraph 8.1.2 states that regard must be had to the Council's Contract Procurement and Management Guidelines (the "Blue Book"). Paragraph 7.3.4 of the Blue Book states that once a voluntary choice has been made to advertise in the OJEU then the EU Regulations (as enacted in the Public Contracts Regulations 2006 [as amended]) must be followed in their entirety. This means that a formal tendering process as set out in the Public Contracts Regulation 2006 must be used as indicated in this report. In addition, the approval of the Executive is required to invite expressions of interest, agree shortlists and invite tenders as set out in paragraph 4.1 of this report.
- 6.5 Once the tendering process is undertaken Chief Officers will report back to the Executive in accordance with the Council's Contract Standing Orders, explaining the process undertaken in procuring the service and recommending the conclusion of the framework agreement.



## **7.0 Diversity Implications**

- 7.1 There are variations within the population of Brent in those applying for assistance as homeless persons. For example, those in the Black category made up just less than 20% of Brent's population in 2001, however they accounted for nearly half of all applications as homeless persons in 2002/3. Furthermore, those in the White category made up just over a fifth of all homeless persons applications, but were 45% of the population as recorded in the 2001 census. Reasons for these differences are complex and relate to a variety of social, economic and demographic factors, including income levels, family size, and quality of housing and patterns of tenure.
- 7.2 The Housing Resource Centre's Equality Impact Assessment regarding homelessness and lettings identified that current policy is specifically designed to ensure that those who are less able to access their own housing solutions are assisted

## **8.0 Background Papers**

- Report to the Policy Co- Ordination Group, 30<sup>th</sup> Sept 2010. Report Title: Likely impact of proposed changes to the Housing Benefit Group.

Any person wishing to inspect the above papers should contact:

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