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|  | Cabinet 10 February 2025 |
| | Report from the Corporate Director of Partnerships, Housing and Resident Services |
| | Lead Member – Cabinet Member for Housing & Resident Support (Councillor Fleur Donnelly- Jackson) |
| Authority to Tender for the Provision and Management of Temporary Accommodation Housing Association Leasing Scheme | |
| Wards Affected: | All |
| Key or Non-Key Decision: | Key |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| List of Appendices: | One Appendix 1: Equality Impact Assessment |
| Background Papers: | |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | Laurence Coaker, Director – Housing Needs & Support 020 8937 2788 Laurence.Coaker@brent.gov.uk |

1.0 Executive Summary

- 1.1 This report requests approval to invite tenders in respect of the Procurement and Management of Temporary Accommodation in support of the Council's Housing Association Leasing Scheme (HALS) as required by Contract Standing Orders 88 and 89.
- 1.2 This procurement exercise is designed to retain as well as increase the stock of more settled leased temporary accommodation to help meet demand from homeless households. This will prevent the council having to use poorer quality, more expensive nightly paid temporary accommodation and to enable households to continue to live in Brent.
- 1.3 The proposed contract is anticipated to commence on 1 August 2025 for an acquisition and management period of 3 years, with an option to extend for up to 2 x one year extensions. The contract will continue for a further 3 year

management period following expiry of the acquisition and management period. This will ensure existing properties continue to be managed, even if no new properties are acquired. The value of the contract is £12.6m over 5 years.

2.0 Recommendation(s)

- 2.1 Approve inviting tenders for Procurement and Management of Temporary Accommodation in support of the Council's Housing Association Leasing Scheme (HALS) on the basis of the pre - tender considerations set out in paragraph 4.20 of the report.
- 2.2 Approve Officers evaluating the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 4.20 of the report.
- 2.3 Delegate authority to the Corporate Director of Partnerships, Housing and Resident Services, in consultation with the Lead Member for Housing, to award contracts for Procurement and Management of Temporary Accommodation for an acquisition and management term of 3 years, with an option to extend for up to 2 years, and a further management term of 3 years following expiry of the acquisition and management term

3.0 Detail

3.1 Cabinet Member Foreword

- 3.1.1 Increasing the supply of affordable housing is integral to meeting the long-term housing needs of Brent Residents.
- 3.1.2 There is currently an acute shortage of affordable private rented sector accommodation across London which has been falling due to a highly inflated rental market where landlords are able to secure and charge higher rents. This has impacted Brent's ability to gain access to private rented properties in Brent and outside of Brent for discharge of the Council's statutory homeless duties.
- 3.1.3 While the Council has emergency Temporary Accommodation (TA) schemes designed to accommodate statutory homeless households, such as Anansi House and Knowles House, these are already operating at full capacity with very limited potential to move these households into affordable private rented accommodation to end the homeless duty. As a result, alternative accommodation needs to be secured to try to meet current and expected demand.
- 3.1.4 The proposal within this report aligns with one of the Council's ambition to provide safe, secure and decent housing for residents as set out under Strategic Priority 1 'Prosperity and Stability' of the Borough Plan, including addressing rough sleeping by working with partners across the Borough. Other strategies relevant to achieving this strategic priority include the Council's Homelessness and Rough Sleeper Strategy 2020-2025.

4.0 Background

- 4.1 The Council has a statutory duty to provide suitable temporary accommodation to homeless persons who are eligible and in priority need under homelessness legislation. The duty to provide temporary accommodation (TA) usually comes to an end by arranging an offer of either social housing or private rented sector (PRS) housing to end the main homeless duty.
- 4.2 There are currently 1199 households in Stage 1 Emergency TA (Bed and Breakfast and Annexes), out of these 71 are the highest priority in terms of decant, due to cost to the council through TA subsidy loss. The high level of demand from homeless households and lack of affordable accommodation is generating a requirement to provide an unprecedented level of nightly paid Emergency TA.
- 4.3 There is currently an acute shortage of affordable private rented sector accommodation across London which has been falling due to a highly inflated rental market where landlords are able to secure and charge higher rents. This has impacted Brent's ability to gain access to private rented properties in Brent and outside of Brent for discharge of the Council's statutory homeless duties.
- 4.4 While the Council has emergency TA schemes designed to accommodate statutory homeless households, such as Anansi House and Knowles House, these are already operating at full capacity with very limited potential to move these households into affordable private rented accommodation to end the homeless duty. As a result, alternative accommodation needs to be secured to try to meet current and expected demand.
- 4.5 The Council is having to meet its statutory duty to provide Emergency TA at an exponentially increasing cost and with a high-level of reliance on emergency accommodation.
- 4.6 With demand from homeless households increasing and the supply of affordable accommodation decreasing, the pressure to retain and acquire good quality and affordable TA has also increased. The Housing Needs & Support service, working with Housing Supply and Partnerships have a plan to reduce the need for Emergency / Temporary Accommodation by delivering 5000 affordable homes in the borough by 2028. However, there will always be a need for some good quality Temporary Accommodation, and while this will be in the medium term be delivered through council provision, there continues to be a need for Temporary Accommodation and this procurement will help retain the existing stock of HALS units and stop families having to go into Emergency Accommodation.
- 4.7 There are three types of Temporary Accommodation: Bed and Breakfast, Annexes, and more settled leased accommodation, the majority of which is delivered through HALS. Due to the current demand, the overall number of households residing in Bed and Breakfast and Annexes has increased. This is also, in part, due to a reduction in the number of better quality units available through HALS, so there is still a significant reliance on the use of poor quality and expensive nightly paid annexe accommodation.

- 4.8 Annexe accommodation is self-contained, which means the family have exclusive use of a bathroom, toilet and kitchen facilities. However, the majority of the annexe accommodation that is used are en-suite rooms, with a kitchenette in the corner of the room. A key objective of this procurement is to maintain the current levels, and possibly increase the HALS provision so that there is a reduction in the use of nightly paid emergency annexe accommodation.

Current HALS provision

- 4.9 There are 1061 homeless households currently living in leased TA in Brent. Approximately 500 of these households are in a Temporary Accommodation property sourced and managed by the current HALS provider, Notting Hill Genesis Housing Association.
- 4.10 Under the existing and proposed contract, the Registered Provider (RP) sources suitable properties and enter into head leases with the property owners, generally for a 3-year term. The Council is provided with nomination rights to these properties and uses them to accommodate accepted homeless households in settled TA, while they wait for a final offer of either social housing or a Private Rented Sector property to end the main homeless duty. The tenants enter into an assured short hold tenancy with the RP and pay rent (generally via Housing Benefit paid to homeless families).
- 4.11 The RP provides management and maintenance services which are covered by the rent. In line with TA subsidy rules, the weekly rent is calculated using 90% of the January 2011 Local Housing Allowance (LHA) for the size of the property plus an element for management costs (£40 per property per week). In addition, the Council pays a weekly tendered nomination fee to the RP for each property.
- 4.12 The management cost of £40 per week and the nomination fee of £42 per week is covered by Housing Needs & Support's General Funds budget which includes the Council's allocation of Flexible Homelessness Support Grant.
- 4.13 The current contract is due to expire on 31 July 2025 and it is proposed that the new contract will commence on 1 August 2025. However, the provider is still contractually obliged to continue management of their portfolio of properties until lease end.

Impact of not re-procuring

- 4.14 The Council still owes the main rehousing duty to all households living in these properties. If the properties are handed back to the owners, the Council will have a statutory duty to find alternative accommodation for them. Due to the difficulties in securing alternative accommodation, this will most likely result in a move to emergency B&B or hotel annex accommodation which may not be in Brent.

- 4.15 If the council does not re-procure this, it will either need to try and bring those units into the in-house leasing scheme or lose 500 units of good quality, managed and affordable accommodation. The Council still owes the main rehousing duty to all households living in these properties and so as households are evicted due to leases coming to an end, they will require alternative accommodation. Due to the difficulties of securing alternative accommodation, this will most likely result in a move back to poor quality, and expensive emergency B&B or hotel annex accommodation which may or may not be in Brent.
- 4.16 The demand for affordable housing in Brent continues to be one of the major challenges that the Council faces. The HALS TA portfolio is a vital component of the Council's resource in meeting the increased housing demand from homeless households in Brent. This procurement exercise is designed to ensure the retention and provision of good quality, managed and affordable TA properties and thereby reduce the need for high cost nightly paid accommodation.
- 4.17 The procurement sets out to maintain the current service, with no major changes are being proposed to the service. The minimum property standards and furniture standards specified by the Council will be maintained and the contractor has to provide a high-quality housing management service. The scope of services 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. Performance is monitored through performance indicators and regular contract monitoring meetings.
- 4.18 The nomination fee for the service will be determined by this competitive tender. The contract will make provision for the adjustment of the nomination fee to take account of the effects of changes to legislation and benefit rates and arrangements to ensure that value for money and the required supply are maintained.

Procurement

- 4.19 The contracts will be awarded for an initial 3 year management and acquisition period with the potential to grant two x 1 year extension to this period. During the management and acquisition period, the successful Organisations will enter into head leases for new properties and manage those properties. Following expiry of the management and acquisition period the contract will continue for a further 3 year management period. During the management period, the successful RPs will continue to manage the properties with existing head leases but will not enter into new head leases. The Council will have nomination rights in respect of the properties with head leases throughout the full period of the contract (maximum of 8 years).
- 4.20 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations for the procurement of the contract for the construction works

required to deliver the project (the “Contract”) have been set out below for the approval by the Director of Property and Assets.

| Ref. | Requirement | Response | |
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| (i) | The nature of the services / supplies / works. | The Provision and Management of Temporary Accommodation Housing Association Leasing Scheme | |
| (ii) | The estimated value. | £12.6m | |
| (iii) | The contract term. | 3 years with the potential to grant two x 1 year extension to this period. | |
| (iv) | The tender procedure to be adopted. | Open process | |
| v) | The procurement timetable. | Indicative dates are: | |
| | | Tender opportunity published | 17 th February 2025 |
| | | Tender Workshop | 24 th February 2025 |
| | | Deadline for Tender Submissions | 12pm 17 th March 2025 |
| | | Evaluation and moderation | 18 th March - 9 th April 2025 |
| | | Report recommending Contract award circulated internally for comment | 10 th April 2025 |
| | | Corporate Director in consultation with the Lead Member approval | By 17 th April 2025 |
| | | Minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers (contracts covered by the full requirements of PCR 2015 only) | 22 nd April 2025 |
| | | Contract Mobilisation | 2 nd May– 30 th June 2025 |
| | | Contract start date | 1st August 2025 |
| (vi) | The evaluation criteria and process. | <ul style="list-style-type: none"> At selection stage, shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a selection questionnaire to | |

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| | | <p>identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise.</p> <ul style="list-style-type: none"> At tender evaluation stage, the panel will evaluate the tenders against the following criteria: 50% quality, 10% Social Value and 40% price. |
| (vii) | Any business risks associated with entering the contract. | There is a risk that the Council may not receive any bids in which case it will either need to try and bring the HALS units into the in-house leasing scheme or lose 500 units of good quality, managed and affordable accommodation. |
| (viii) | The Council's Best Value duties. | The adoption of an open tendering will enable the council to achieve best value for money. |
| (ix) | Consideration of Public Services (Social Value) Act 2012 | See section 11 below. |
| (x) | Any staffing implications, including TUPE and pensions. | See section 10 below. |
| (xi) | The relevant financial, legal and other considerations. | See sections 6 and 7 below. |
| (xii) | Sustainability | This has been assessed in line with the Procurement Sustainability Policy and determined that a quality measure for sustainability is not required and can be captured as part of the Social Value criteria. |
| (xiii) | Key Performance Indicators / Outcomes | Appropriate Key Performance Indicators/ Outcomes will be included in the contract. |
| (xiv) | London Living Wage | The Contract will require the payment of the London Living Wage. |
| (xv) | Contract Management | This contract has been assessed against the contract segmentation process which determined it is classified as a major contract. A contract manager will be appointed and appropriate contract management provisions will be included in the contract. |

5.0 Stakeholder and ward member consultation and engagement

- 5.1 The Cabinet Member for Housing and Resident Support will be kept up to date with the progress of the procurement and contract and relevant ward members will also be kept up to date.

6.0 Financial Considerations

- 6.1 The current HALS contract is estimated to cost the council £2.10m in 2024/25 for 500 properties. The spend for this contract is absorbed within the Housing Needs Budget. The cost of the new contract is estimated to increase by approximately £110k to £2.25m per year for 500 properties.
- 6.2 In line with the TA subsidy rules, the weekly rent is calculated using 90% of the January 2011 Local Housing Allowance (LHA) for the size of the property, which is collected by the RP. The cost to the council is an element of the management costs and a weekly tendered nomination fee to the RP for each property.
- 6.3 The cost of the management fee will remain at £40 per week per property, and the nomination fee is estimated to increase from £42.51 to £46.71 per week per property (including top ups). An amount of £1.4m has been set aside in 2025-26 for inflationary pressures arising from an increase of TA provider costs within the Medium-Term Financial Strategy.
- 6.4 The Council still owes the main rehousing duty to all households living in these properties. If the properties are handed back to the owners, the Council will have a statutory duty to find alternative accommodation for them, this will most likely result in a move to emergency B&B or hotel annex accommodation. Based on the current portfolio, which has one household per property, this would result in approximately £6.1m additional cost to the council.
- 6.5 Any increase in stock will prevent the council having to use poorer quality, more expensive nightly paid temporary accommodation. It is estimated that an additional 60 units will be added to the current portfolio per year, resulting in a £590k per year reduction in spend on B&B providers. The procurement of the additional units is estimated to cost £1.3m across the five years. The anticipated increase in stock is included within the £12.6m contract cost quoted in 4.20.

7.0 Legal Considerations

- 7.1 The estimated value of the Contract is above the threshold for Schedule 3 Services under the Public Procurement Regulations 2015 (the "PCR 2015") and the procurement is therefore governed by the PCR 2015.
- 7.2 The procurement is subject to the Council's own Standing Orders and Financial Regulations in respect of High Value Contracts given the procurement is valued at £12.6M. For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in paragraph [insert] above (Standing Order 89) and the inviting of tenders (Standing Order 88).
- 7.3 In accordance with Recommendation 2.3, once the tendering process is undertaken, Officers will report to the Corporate Director, Partnerships Housing and Resident Services, explaining the process undertaken in tendering the Contract and recommending award.

7.4 As this procurement is subject to the full application of the PCR 2015, the Council must observe the requirements of the mandatory minimum 10 calendar standstill period imposed by the PCR 2015 before the Contract can be awarded.

8.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 Pursuant to s149 Equality Act 2010 (the “Public Sector Equality Duty”), the Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

8.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

8.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

8.5 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications

9.0 Climate Change and Environmental Considerations

9.1 To ensure that consideration is given to climate change and environment, Officers will endeavour to procure in line with the Sustainable Procurement Policy and to provide within the procurement document, scope for at least one of the Social Value KPIs to be selected from the measures listed under the Cleaner, Greener Brent theme in the Social Value Pro Forma.

9.2 Officers will also provide that the specification for the services to be delivered includes requirement to support individual and collective climate action, in particular climate action that supports households with the cost of living.

10.0 Human Resources/Property Considerations (if appropriate)

10.1 The service will be provided by external contractors and there are no implications for Council staff arising from the procurement or the property implications.

11.0 Public Services (Social Value) Act 2012

11.1 The Council is under a duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council shall undertake consultation.

11.2 Officers have had regard to considerations contained in the Social Value Act in relation to the procurement and 10 per cent of the evaluation score is assigned to social value.

12.0 Communication Considerations

As indicated in paragraph 5 above, Officers will keep all relevant parties informed of progress of the procurement and delivery of the service.

Report sign off:

Peter Gadsdon

Corporate Director of Partnerships, Housing and Resident Services