



**Cabinet
26 January 2015**

**Report from the Strategic Director of
Regeneration and Growth**

For Action

Wards Affected: All

**Award of Contract for Procurement and Management of
Temporary Accommodation for Housing Association Leasing
Scheme**

Appendix 1 is not for publication

1.0 Summary

- 1.1 This report details the competitive tendering process of the contract for the Procurement and Management of Temporary Accommodation for Housing Association Leasing Scheme (HALS) and makes a recommendation as to award pursuant to Contract Standing Orders 88(c). The Executive gave authority to tender for the contract at the meeting of 21 July 2014.

2.0 Recommendations

- 2.1 That Cabinet approve the recommendation of the evaluation panel to award the contract for Procurement and Management of Temporary Accommodation for HALS to the three (3) Providers listed below for an initial period of three (3) years, with an option to extend up to a further two (2) years:

Genesis Housing Association
London Strategic Housing Association; and
Shepherds Bush Housing Association

3.0 Detail

3.1 Background

- 3.1.1 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 and the Localism Act 2011). The Housing Association Leasing Scheme

(HALS) is used to provide temporary accommodation for homeless families. At the end of March 2014 there were 1,790 HALS units in use. The current contract for the procurement and management of temporary accommodation for homeless households has been in operation since February 2009 with two housing association providers – Genesis Housing Association and London Strategic Housing Association. The current contracts with these providers, expires in February 2015.

- 3.1.2 Under the existing and proposed contract the selected contractors source suitable properties and enter into head leases with the property owners, generally for a 3 year term. The Council is provided with nomination rights in order that the Council can nominate tenants to properties made available by the contractor. The tenants enter into an assured shorthold tenancy with the contractor and pay rent (generally via Housing Benefit paid to homeless families).
- 3.1.3 The contractor provides management and maintenance services which are covered by the rent. The Council pays a weekly nomination fee to the relevant contractor for each property. There are minimum property standards and furniture standards specified by the Council, and the contractor has to provide a high-quality housing management service. 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. Performance is monitored through performance indicators and regular monitoring meetings.

The Tender Process

The Evaluation consisted of two stages:

Stage One - PQQ

- 3.1.5 The advertisement for the tender and the Pre Qualification Questionnaire (PQQ) was placed in the Official Journal of the European Union (OJEU) on 10 September 2014, with a closing date of 10 October 2014. PQQs were available to download on expression of interest. Organisations were invited to submit their PQQ via the Due North system. Eight (8) companies returned PQQs by the due date.
- 3.1.6 Stage 1 - Shortlisting was undertaken in accordance with the Council's Contract Procurement and Management Guidelines namely the Pre Qualification Questionnaire and thereby met 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. This evaluation included consideration of health and safety, quality assurance, equal opportunities and disabilities awareness.

Organisations were evaluated on their response to questions covering the following:

<u>Evaluation area</u>	<u>Pass/fail or scored question including weightings</u>
Sub-contracting/consortia arrangements	For info only – not scored
Professional conduct	Pass/fail
Economic and financial standing	Pass/fail
Insurance	Pass/fail
Health and Safety	Pass/fail
Quality assurance	Pass/fail
Equality	Pass/fail
Environmental weighting	Pass/fail
Experience	Scored questions

Table 1

Scored questions were evaluated using a scoring range of between 0 and 5. The assignment of scores was based on the following scoring methodology:

Assessment	Score
No response to the question	0
Deficient – Response to the question (or an implicit requirement) significantly deficient.	1
Limited – Limited information provided, or a response that is inadequate or only partially addresses the question.	2
Acceptable – An acceptable response submitted in terms of the level of detail, accuracy and relevance.	3
Comprehensive – A comprehensive response submitted in terms of detail and relevance.	4
Superior – As Comprehensive, but to a significantly better degree.	5

Table 2

- 3.1.8 Stage 2 – Selection of organisations to proceed to short-listing stage: Individual scores for each organisation were recorded in a PQQ evaluation matrix. A group review of collated scores was then undertaken by members of the Evaluation Panel and final scores for Potential Bidders was achieved by consensus in the presence of the Procurement adviser. Three (3) organisations passed the PQQ evaluations and were invited to the tender stage of the procurement process

Stage Two – Invitation to Tender

- 3.1.10 An Invitation to Tender was sent to the three organisations that passed the PQQ evaluation on 11 November 2014, with a return date of 17 December 2014. Organisations were invited to submit their method statements via the Due North system. Submitted tenders were evaluated on both quality and price.

1. Quality

Quality consisted of 70% of the evaluation weightings and was evaluated using the following criteria and weightings assigned to the method statements:

<u>Method statement (Criteria)</u>	<u>Weightings</u>
<p><u>Question 1 - Procurement</u></p> <p>Under this method statement, tenderers should detail their proposals on the methods their organisation would use in procuring properties in Brent and the neighbouring boroughs which would be utilised under this contract. Tenderers should also details any anticipated difficulties to be faced in procuring the properties via the methods they have proposed and how these difficulties could be overcome. Please also include any expectations your organisation would have of the Council in assisting the organisation in dealing with the outlined difficulties.</p>	50%
<p><u>Question 2 - Repairs and Maintenance</u></p> <p>Please outline your approach to meeting the initial standard of the properties, repairs and maintenance as detailed in Appendix 1 of the specification. In particular, we are interested in how you propose to resource the repairs and maintenance function, how you will ensure all emergency repairs are carried out within the specified timetables as detailed in Appendix 6 of the specification, your approach to gas safety inspections and your approach to access difficulties.</p>	25%
<p><u>Question 3 - Complaints and management</u></p> <p>Please outline your approach to dealing with complaints and tenancy management issues. In your response, please detail how your approach would treat the households in the properties, the wider community and any liaison with the Council.</p>	15%
<p><u>Question 4 - Anti-Social Behaviour</u></p> <p>Please outline your approach to dealing with anti social behaviour – covering the possibility that a household nominated by Brent could be a victim as well as a perpetrator. We are particularly interested in how you would liaise with the Council and the host borough and the sensitivities which may be involved particularly with respect to child and adult safeguarding issues. Please also include a copy of your safeguarding policy.</p>	5%
<p><u>Question 5 - Equalities</u></p> <p>Properties provided under this contract would be made available to households with a disability. Please detail how your organisation would adapt its services to meet the needs of these households. You may also receive a complaint about homophobic bullying and harassment. What steps would your organisation take to investigate and resolve this complaint?</p>	5%

Table 3

3.1.12 A scoring range of 0 and 5 was used to score each question in each section (see scoring methodology in Table 2).

2. Price

3.1.13 Price consisted of 30% of the evaluation weightings. The pricing submitted by the 3 organisations were evaluated by using their weekly nomination fee to calculate the cost to manage 300 properties over 3 years.

3.2 The Tender Evaluation Process

3.2.1 Organisations were informed that the ITT was evaluated in accordance with the Evaluation Methodology. The ITT was evaluated by the same Evaluation Panel from the PQQ stage.

3.2.2 Individual scores for each organisation were recorded in an ITT evaluation matrix. A group review of collated scores was then undertaken by members of the Evaluation Panel and final scores for Potential Bidders was achieved by consensus with the Procurement adviser present.

3.2.3 3 out of 3 organisations passed the full evaluation and their scores for the method statement questions were presented in an ITT evaluation matrix. The evaluation matrix details the total weighted scores obtained by each organisation.

3.2.4 The following presents information of the evaluation matrix:

- Appendix 1 presents the tenderer's ITT identification numbers
- Appendix 2 presents an overview of the ITT quality evaluation
- Appendix 3 presents an overview of weighted ITT scores for each successful tenderer
- Appendix 4 presents the final tender score.

3.2.5 The Evaluation Panel consisted of Housing Officers from Council and a representative from Procurement. They considered the final scores and recommend the tenderers detailed below for award of Contract (in alphabetical order):

Genesis Housing Association
London Strategic Housing Association; and
Shepherds Bush Housing Association

3.2.6 The anticipated start date of the contract is 1 February 2015.

4.0 Financial Implications

- 4.1 The tender prices quoted by the recommended tenderers are within the budget projection for the next financial year.
- 4.2 A breakdown of the tender prices is shown at Appendix 3.
- 4.3 The cost of these contracts will be funded from the general fund through existing budgets. There is a direct relationship between temporary accommodation supplied through this contract and the level of housing benefit subsidy losses the Council incurs by using hotel accommodation to house homeless families. Properties procured through these new cheaper contracts will be used as alternatives to expensive Temporary Accommodations.

5.0 Legal Implications

- 5.1 Under the Public Contract Regulations 2006 (“the Regulations”), the procurement and management of temporary accommodation for a Housing Association Leasing Scheme is deemed a Part A service to which the Regulations apply to in its entirety. Officers undertook an OJEU compliant tender process in accordance with the Regulations. The two stage tender process was undertaken online via Due North. The evaluations of the tender submissions received were evaluated in accordance with the published Evaluation Methodology and Officers have recommended, for award of contract, those organisations that met the minimum requirements. Should Members be minded to approve such award of contracts, Officers intend to award three (3) new agreements to the recommended providers.
- 5.2 In accordance with Contract Standing Order 88 (c) and considering the anticipated value of the proposed contracts over the initial contract period will exceed £250,000, approval of the council’s Cabinet is required to consider the recommendations Officers have put forward for award in this report.
- 5.3 Moreover, as this service is Part A under the Regulations, Officers are obliged to observe a mandatory standstill period of 10 calendar days between notifying all tenderers in writing of the award decision and the actual award of contract. The standstill period shall commence on the day after the written award notification is sent to all tenderers and the notification must comply with the requirements of the Regulations.
- 5.4 The requirement to provide accommodation to persons in housing need arises under Part VII of the Housing Act 1996 (as amended by The Homelessness Act 2002 and the Localism Act 2011). The Council is bound by statute to provide temporary accommodation to applicants who are assessed as homeless under the Housing Act 1996.
- 5.5 Homeless legislation places duties, powers and obligations on housing authorities towards people who are homeless or at risk of homelessness. Under the legislation certain categories of households, such as families with children and households that include someone who is vulnerable, have a priority need for accommodation. If a local housing authority has reason to believe that an applicant may be homeless, eligible for assistance, and have a priority need, the authority has an immediate duty, pursuant to s188 Housing Act 1996, to ensure that emergency

accommodation is available for his/her occupation pending a decision as to the duty (if any) owed to him/her.

- 5.6 Everyone accepted by housing authorities as eligible, unintentionally homeless and in priority need must be provided with suitable accommodation pursuant to s193 Housing Act 1996, until the duty comes to an end if one of the events set out in s193(5) – (7F) occurs, usually by obtaining a settled housing solution either in the public or private housing sector.
- 5.7 The properties will be offered either as emergency accommodation [council's interim duty under section 188 of Housing Act 1996] or as temporary accommodation [under the main duty to provide temporary accommodation, under section 193 of Housing Act 1996].
- 5.8 Section 206 of the Housing Act 1996 provides that where a housing authority discharges its functions to secure that accommodation is available for an applicant, the accommodation must be suitable. Suitability must be considered in relation to the applicant and to all members of his/her household who normally reside with him/her, or who might reasonably be expected to reside with him/her. The Homelessness Code of Guidance for Local Authorities, the Homelessness (Suitability of Accommodation) (England) Order 2012, and the Supplementary Guidance on homelessness changes, on which the local policy (Temporary Accommodation Placement Policy) is based, advises that housing authorities should aim to secure accommodation within their own district wherever possible. Key factors to consider include:
- The distance of the accommodation from the district of the authority
 - The significance of any disruption which would be caused by the location of the accommodation to the employment, caring responsibilities or education of the applicant or members of his household
 - Proximity and accessibility to schools, public transport, primary care services, local services and amenities in the area in which the accommodation is located
 - Space and arrangement
 - Health and safety considerations
 - Affordability
 - Location.
 - Availability of alternative suitable accommodation in the local authority area.
 - Size and location of alternative equivalent accommodation available outside of the borough and the availability of support networks in the area.
- 5.9 There is the right of Review of the suitability of accommodation offered under section 193 of the Housing Act 1996 and an applicant may increasingly exercise this right to assert their need to remain in the borough. If the decision to place out of borough is upheld on Review pursuant to s202 Housing Act 1996, then applicants can challenge the decision through the courts, on a point of administrative law, which may be costly to defend. Previous case law has, however, supported housing authorities' decisions to accommodate out of borough when there is no other alternative available. This point has been most recently upheld by the Court of Appeal in the case of *Nzoameso –v – City of Westminster* [2014] EWCA Civ 1383.

6.0 EIA

- 6.1 The EIA attached was originally submitted with the “Authority to Invite Tenders for the Housing Association Leasing Scheme” report which was submitted to the Executive in July 2014.
- 6.1.2 There is a negative impact in relation to disability, as there is a shortage of adequate adapted housing. However this is partially mitigated by the procedures in place, which identifies suitable alternatives by taking into consideration the District Medical Officer’s (DMO) recommendation e.g. if the DMO has made a recommendation for a ground floor or single level access accommodation but where none is available, accommodation with downstairs facilities are sought to meet the applicant’s housing need.
- 6.1.3 Adapted HALS units offered to the Council are always allocated to households with disabled applicants who require the same. Additionally, in the past, where there has been an urgent demand for an adapted unit, we have offered higher rent levels to ensure we can secure the property for applicants with a disability.
- 6.1.4 The negative impact on disabled applicants is further mitigated through the use of other Temporary Accommodation schemes where we have commissioned a number of adapted properties which are always prioritised for households with a disability.
- 6.1.5 These various measures are adopted to ensure we are able to meet the housing needs of disabled applicants.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 None

8.0 Background Information

- 8.1 None

Any person wishing to inspect the above papers should contact:

Zaheer Iqbal
020 8937 2155
Zaheer.iqbal@brent.gov.uk

Andrew Donald
Strategic Director, Regeneration and Growth

Appendix 2

Overview of the ITT Qualitative Evaluation

Criterion	ITT 1	ITT 2	ITT 3
Procure a suitable range and standard of properties (50%)	40	40	40
Address ongoing property maintenance and general property management needs (25%)	20	20	20
Become aware of and respond effectively to the concerns of tenants arising with respect to their occupation of the properties (15%)	12	12	12
Approach to dealing with anti-social behaviour (5%)	4	4	4
Ensure services do not discriminate against any of the protected characteristics (5%)	4	4	4
Weighted Quality Score (out of 70%)	56%	56%	56%

Appendix 3

Procurement and Management of Temporary Accommodation Contract – Tender Prices

The tenderers were asked to give a weekly nomination fee for each unit.

	ITT 1	ITT 2	ITT 3
Weekly nomination fee	£10.00	£10.00	£3.00

Tenderer	Unit Price	3 year price (for 300 properties)	Weighted Price Score (out of 30%)
ITT 1	£10.00	£468,000.00	5.87%
ITT 2	£10.00	£468,000.00	5.87%
ITT 3	£3.00	£140,400.00	18.26%

Appendix 4

Final Weighted Tender Scores

The final overall score was reached by adding the weighted qualitative score to the weighted tender price score.

Tenderer	Qualitative Score(%)	Price Score(%)	Total Score(%)
ITT 1	56	5.87	61.87
ITT 2	56	5.87	61.87
ITT 3	56	18.26	74.26