



**Executive  
13 June 2011**

**Report from the Director of  
Regeneration and Major Projects**

Wards affected:  
All

**Award of a Framework Contract for the Procurement and  
Management of Temporary Accommodation**

*Appendices 1,3, 5 and 6 are Not for Publication.*

**1.0 Summary**

1.1 This report details the process of the competitive tendering for the Procurement and Management of Temporary Accommodation (Private Managed Accommodation), and makes a recommendation as to award pursuant to Contract Standing Order 88.

**2.0 Recommendations**

2.1 That the Executive approves the appointment of the contractors recommended and listed at paragraph 3.2.8 to the Procurement and Management of Temporary Accommodation Framework for a period of two (2) years from July 2011 with provision to extend the Framework Agreement for a further two (2) years.

**3.0 Detail**

**3.1 Background to the contract**

3.1.1 The Private Managed Accommodation Scheme (PMA) will be used to provide temporary accommodation for homeless families. 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 over 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 PSL scheme. Officers are considering whether such temporary accommodation can be used to house

homeless households for homeless prevention purposes outside the Council's powers under Part VII of the Housing Act 1996 and Counsel's opinion is being sought to clarify this point.

### **Temporary Accommodation Subsidy Changes**

- 3.1.2 In 2009 the Department for Work and Pensions (DWP) introduced changes to TA Subsidy which would restrict PSL subsidy income to 90% of Local Housing Allowance (LHA) plus a weekly £40 management fee. On the 1st April 2010, DWP announced without any prior notification further changes to Housing Benefit (HB) subsidy for TA, to take immediate effect. This set a ceiling subsidy cap of £500 per week for inner London and £375 per week for everywhere else.
- 3.1.3 In addition to this, DWP has announced 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 2011/2012. To mitigate this cost, the Council will need to procure larger properties at a lower cost under the PMA scheme. In Brent the changes in 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.
- 3.1.4 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 £37.14 per night in the south of the Borough and large shortfalls are currently made on B&B placements.
- 3.1.5 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 a significant cost saving over the duration of the contract.
- 3.1.6 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.
- 3.1.7 The PMA scheme will utilise HB 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.
- 3.1.8 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.
- 3.1.9 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 Housing

Partnership 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.

### **Preliminary stages of Procurement Process**

3.1.10 As detailed in the report to the Executive of 11 April 2011, the Council commenced a procurement process for the establishment of a framework agreement following receipt of Executive authority to tender in November 2010 but due to procedural irregularities, this procurement process was aborted. A further procurement process was then re-commenced, as detailed below.

3.1.11 The advertisement for expressing an interest to tender for the framework was being placed on the Council's website, Inside Housing (a specialist housing publication) and the Wembley Observer on the 10<sup>th</sup> March 2011, with a closing date to express an interest of the 28<sup>th</sup> March 2011. Pre-Qualification Questionnaire (PQQ) documentation was issued to 37 organisations that expressed an interest with a submission date of 1<sup>st</sup> April 2011. 31 organisations submitted a PQQ by the submission date.

3.1.12 The PQQ evaluation was carried out by panel members consisting of Finance and Health and Safety officers from Brent Council and Housing officers from Brent Council and participating West London Alliance Boroughs. The PQQ evaluation was conducted in accordance with the Evaluation Methodology issued in the PQQ documentation. The PQQ evaluation consisted of 3 evaluation stages:

3.1.13 Stage 1 - Preliminary Compliance Review; organisations that failed to provide complete or adequate evidence, supporting documentation or details failed this stage in the evaluation. Organisations that passed the Preliminary Compliance Review were subject to the Full Evaluation. 5 Organisations failed the Preliminary Compliance Review and 26 organisations were subject to the full evaluation.

3.1.14 Stage 2 – Full evaluation; organisations that passed the Preliminary Compliance Review were subject to a full evaluation of their PQQ submission. Organisations that obtained a “fail” for any of the pass or fail questions or scored less than 2 marks out of the available 4 for any of the marked questions in the PQQ failed the full evaluation stage. Organisations were evaluated on their response to questions covering the following areas:

<u>Evaluation area</u>	<u>Pass/fail or scored question including weightings</u>
Sub-contracting/consortia arrangements	Pass/fail
Professional conduct	Pass/fail
Economic and financial standing	Pass/fail
Insurance cover	Pass/fail
Resources	Pass/fail
Health and Safety	Pass/fail and 2 scored questions with 5% weighting
Quality assurance	pass/fail questions

Equality	pass/fail questions
Environmental	pass/fail questions
Sustainability	pass/fail questions
Previous experience and references	5 scored questions with a weighting of 95%

Scored questions were evaluated using a scoring range of between 0 and 4. The assignment of a score of 0, 1, 2, 3 or 4 was based on the following assessments:

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

7 organisations failed the full evaluation stage and 19 organisations were subject to proceed to the short-listing stage.

3.1.15 Stage 3 - Selection of organisations to proceed to short-listing stage; organisations, who passed the full evaluation stage, scores were presented in a PQQ evaluation matrix. The evaluation matrix details the total average weighted scores for each organisation and ranks them with the highest scoring organisation being given a ranking of 1. The Evaluation Methodology stipulates that the top 22 ranked organisations shall be shortlisted and invited to the ITT stage. In the event that there are less than 22 suppliers meeting the requirement, that number shall be shortlisted. Therefore the 19 organisations that passed the full evaluation stage were invited to tender.

3.1.16 An invitation to tender (ITT) was sent to the 19 shortlisted organisations on 18<sup>th</sup> April 2011, with a return date of 12 noon of 9<sup>th</sup> May 2011.

3.1.17 Organisations were informed that the ITT evaluation would be conducted in accordance with the Evaluation Methodology issued to organisations in the PQQ documentation.

3.1.18 Tenders were evaluated on the basis of the most economically advantageous tender using the following criteria. Each criterion was assigned a weighting to reflect the relative importance of such criterion:

## 1. Quality

Quality consisted of 30% of the evaluation weightings. The quality evaluation was evaluated using the following criteria and weightings assigned to the method statement detailed below:

<u>ITT method statement</u>	<u>Weightings</u>
<u>Question 1 - Procurement</u> Please detail the procedures / processes your organisation would take to procure an on-going supply of good quality properties on a non-secure tenancy.	15%
<u>Question 2 - Repairs and Maintenance</u> Please detail the procedures your organisation would take to ensure the properties are maintained to at least the minimum property standards (as detailed in Appendix 2 in Specification)	10%
<u>Question 3 - Complaints Handling</u> Please detail how your organisation will ensure that complaints for both landlords and tenants are effectively managed to deliver the minimum customer care standards detailed in the specification	3%
<u>Question 4 - Anti-Social management</u> Please detail how your organisation will manage anti-social behaviour for this contract in relation to the specification	2%

## **2. Price**

Price consisted of 70% of the evaluation weightings. The pricing submitted by the 19 organisations were evaluated by using their weekly unit cost to calculate the cost to manage 200 properties over 4 years.

### **3.2 The Tender Evaluation Process**

- 3.2.1 19 tenders were received by the submission date. The tenders were opened checked and approved for submission by an Officer from Democratic Services and Procurement following the tender receipt closing time on the 9<sup>th</sup> May 2011.
- 3.2.2 The ITT was evaluated in accordance with the Evaluation Methodology by the same Housing officer panel members from the PQQ stage. The ITT evaluation consisted of 3 stages:
- 3.2.3 Stage 1 - Preliminary Compliance Review; organisations that failed to provide complete or adequate evidence, supporting documentation or details failed this stage in the evaluation. Organisations that passed the Preliminary Compliance Review were subject to the Full Evaluation. All 19 organisations passed the Preliminary Compliance Review and were subject to the full evaluation.
- 3.2.4 Stage 2 – Full evaluation; organisations that passed the Preliminary Compliance Review were subject to a full evaluation. Method statement questions were scored using a range of between 0 and 4. Organisations that scored less than 2 marks out of the available 4 for each of the method statement questions failed the full evaluation stage. The assignment of a score of 0, 1, 2, 3 or 4 was on the same basis as detailed in the second table at paragraph 3.1.14.

- 3.2.5 All 19 organisations passed the full evaluation and their average scores for the method statement questions and price were presented in an ITT evaluation matrix. The evaluation matrix details the total weighted scores obtained by each organisation and ranked with the highest scoring Bidder being given a ranking of 1.
- 3.2.6 The following presents information of the evaluation matrix:
- Appendix 1 presents the ITT identification numbers
  - Appendix 2 presents the ITT quality evaluation scoring
  - Appendix 3 presents the ITT price evaluation scoring
  - Appendix 4 presents an overview of the ITT price and quality evaluation scoring
  - Appendix 5 presents base pricing information upon which prices were calculated.
- 3.2.7 Stage 3 - Selection of Bidders to be appointed to the Framework Agreement; The Evaluation Methodology informed organisations that the top 17 ranked organisations that passed the full evaluation would be appointed to the Framework Agreement.
- 3.2.8 The Evaluation Panel considered the final scores and recommends the tenderers detailed below for appointment to the Framework (in alphabetical order).
1. Altwood Properties Ltd
  2. Bishop Property Management Ltd
  3. Cromwood Ltd
  4. Finefair Consultancy Ltd
  5. Genesis (Formerly Pathmead Housing Association)
  6. Golden Care Estates Limited
  7. Housing Britain
  8. Lettings International
  9. Middlesex Housing Ltd
  10. Omega Lettings
  11. Orchard & Shipman PLC
  12. Ready Homes
  13. RHP Services Ltd
  14. RMG
  15. Shepherds Bush Housing Association
  16. Stadium Housing Association
  17. Theori Investments Ltd

3.2.8 The anticipated date for appointment to the Framework is the 4<sup>th</sup> July 2011.

#### **4.0 Financial Implications**

- 4.1 The tender prices quoted by the recommended tenderers are in line with the budget projection for the next financial year. The tender prices submitted represent a saving on the costs of providing this accommodation service. It is anticipated that the reduction in Bed and Breakfast usage will produce cost savings over the duration of the project.
- 4.2 A breakdown of the tender prices is shown at Appendix 5.

- 4.3 The cost of these contracts will be funded entirely through the temporary accommodation subsidy payment of £40 per week for each property from the Department and Work and Pensions.
- 4.4 The estimated value of this 4 year contract is £2.6 million and will be funded entirely from Housing Benefit Subsidy.
- 4.5 The DWP have reduced temporary accommodation subsidy for all forms of temporary housing for homeless households from 1<sup>st</sup> April 2011.
- 4.6 Officers had previously forecast an overspend of £1.3 million against the draft Temporary Accommodation budget for 2011/12. This forecast took into account both the expected increase in homeless approaches as a result of changes to the Local Housing Allowance, and the impact of changes to the Housing Benefit subsidy regime for temporary accommodation.
- 4.7 A central provision of £2 million is being held within the Council's budget for 2011/12, to cover demand led pressures where the actual impact is uncertain. These pressures and accompanying provision include changes to the housing benefit system.
- 4.8 The introduction of the PMA scheme will help to reduce the expected overspend, by reducing the use of hotel accommodation for homeless households.
- 4.9 Current forecasts suggest that the PMA scheme will reduce overall costs on hotel accommodation by approximately £300,000. This reduction has been taken into account our latest forecast - based on current projections, officers expect there to be a shortfall against the agreed budget of approximately £1 million. However work is on-going to reduce the financial impact of the various changes further.

## **5. Legal Implications**

- 5.1 The requirement to provide temporary accommodation to persons in housing need arises under Part VII of the Housing Act 1996 ("the 1996 Act"). The Council is bound by statute under 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 and they have are not intentionally homeless. The circumstances in which the Council will cease to be subject to any such duty are set out in section 196(6)-(7B) of the 1996 Act, which include the applicant accepting an offer of accommodation under Part VI of the 1996 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.

- 5.2 The Council also has an interim duty to accommodate homeless applicants in temporary accommodation under section 188(1) of the 1996 Act pending a decision regarding their homelessness applications if the Council has reason to believe that such applicants may be homeless, eligible for assistance and have a priority need of 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 a discretion (as opposed to a duty) under section 188(3) of the 1996 Act to house the homeless applicant in temporary accommodation pending a 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 under section 193 of the 1996 Act as set out in the previous paragraph.
- 5.3 Officers are considering whether such temporary accommodation can be used to house homeless households for homeless prevention purposes outside the Council's functions under Part VII of the Housing Act 1996 and whether non-secure tenancies can be granted for this purpose. The Council is obtaining Counsel's opinion to clarify this point.
- 5.4 Under paragraph 4 of Schedule 1 to the Housing Act 1985, the Council can grant non-secure tenancies to homeless households when exercising its functions under Part VII of the Housing Act 1996. The other main exception to the secure tenancy regime for temporary accommodation is under paragraph 6 of Schedule 1 to the Housing Act 1985 for short term temporary accommodation. The requirements for paragraph 6 of Schedule 1 of the Housing Act 1985 are more cumbersome and that paragraph states: "A tenancy is not a secure tenancy if: - (a) the dwelling-house has been leased to the landlord with vacant possession for use as temporary housing accommodation; (b) the terms on which it has been leased include provision for the lessor to obtain vacant possession from the landlord on the expiry of a specified period or when required by the lessor; (c) the lessor is not a body which is capable of granting secure tenancies; and (d) the landlord has no interest in the dwelling house other than under the lease in question or as a mortgagee".
- 5.4 The estimated value of contracts to be called off under the Framework Agreement over its lifetime are higher than the EU threshold for Services and the Council's Standing Orders threshold for High Value Service Contracts (of £500,000) so the procurement and award of the Framework Agreement is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations.
- 5.5 The main object of the service is to source accommodation on behalf of the council so as to enable the council to discharge its statutory duties to families accepted as homeless within the borough as stated in the above previous paragraphs. The recommended contractors, if appointed to the framework, will procure properties from private sector landlords, enter into head leases in respect of the properties and sub-let to the Council, who shall further sub-let the property, on a periodic licence to a nominated homeless applicant; in addition the contractors will provide administrative housing management services on the council's behalf. Given the breakdown between the different elements of the Procurement and Management of the Temporary Accommodation service, which falls under both Parts A and B of the Public Contract Regulations 2006 ("EU Regulations"), the Framework Agreement was regarded at the time of tendering as a contract for Part B Services and was

tendered as such, therefore being subject to partial application of the EU Regulations. Further details regarding this aspect are in Appendix 6.

- 5.6 As noted in section 3 of this report, there were a number of candidates who did not submit complaint Pre-Qualification Questionnaires (“PQQ”) in accordance with the Council’s published Evaluation Methodology. In accordance with Stage 1 of the PQQ Evaluation Methodology, the Council may refrain from considering any incomplete submissions as the PQQ submissions must be sufficient and cover all requirements contained in order to be able to evaluate all submissions on an equal footing. The candidates’ failure to complete all parts of the PQQ document and/or supply adequate evidence is considered by officers to be non-compliance with a substantive tendering requirement therefore their PQQ submission was rejected. This approach reflects the general EU procurement principle of fairness to all tenderers.
- 5.7 The EU Regulations allow the use of framework agreements and prescribe rules and controls for their procurement and use. Individual call-off contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full tendering process. There are however strict rules which apply to the call-off process to ensure fairness and transparency. The necessary rules have been incorporated in a call-off procedure set out in the framework agreements.
- 5.8 The council is observing a voluntary 10 day standstill period from the date of the decision to award the framework agreement. The standstill requirements include notifying all tenderers in writing, by the fastest means of communication, of the Council’s decision to award the framework and providing full detailed reasons to unsuccessful tenderers before executing the framework agreements.
- 5.9 The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council’s award decision if such challenge is justifiable. However, if no such challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful framework contractors and the framework agreements may be formally executed.

## **6. Diversity Implications**

- 6.1 There are significant variations between the population of Brent and those applying for assistance as homeless persons. For example, those in the Black category made up just under 20% of Brent’s population in 2001, however they accounted for nearly half of all applications as homeless in 2002/03. Furthermore, those in the White category made up just over a fifth of all homeless applications, but were 45% of the resident population 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.
- 6.2 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.

## **7.0 Staffing Implications**

7.1 There are no implications for Council staff arising out of the tendering of the new contract.

## **8.0 Background Information**

- Report to the Policy Co- Ordination Group, 30th Sept 2010. Report Title: Likely impact of proposed changes to the Housing Benefit Group.
- Report to the Executive dated 15 November 2010
- Report to the Executive dated 11 April 2011

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## Appendix 2 - Overview of the ITT quality evaluation:

Detailed below is an overview of the average weighted ITT quality scores for each organisation

ITT Question	Weightings	Total Average Weighted Score																		
		ITT 2	ITT 3	ITT 4	ITT 5	ITT 6	ITT 7	ITT 8	ITT 9	ITT 10	ITT 11	ITT 12	ITT 13	ITT 14	ITT 15	ITT 16	ITT 17	ITT 18	ITT 19	ITT 20
Question 1 - Procurement Please detail the procedures / processes your organisation would take to procure an on-going supply of good quality properties on a non-secure tenancy.	15%	10.71%	10.71%	13.39%	11.25%	11.25%	10.71%	10.71%	9.11%	11.25%	9.64%	10.18%	10.71%	12.32%	9.11%	9.64%	10.71%	8.04%	10.71%	14.46%
Question 2 - Repairs and Maintenance Please detail the procedures your organisation would take to ensure the properties are maintained to at least the minimum property standards (as detailed in Appendix 2 in Specification)	10%	7.14%	7.14%	8.93%	8.21%	7.86%	7.14%	7.50%	7.14%	7.86%	7.14%	6.79%	7.50%	8.21%	6.07%	6.79%	6.43%	5.00%	7.14%	8.93%
Question 3 - Complaints Handling Please detail how your organisation will ensure that complaints for both landlords and tenants are effectively managed to deliver the minimum customer care standards detailed in the specification	3%	2.46%	2.25%	2.57%	2.14%	2.25%	1.61%	2.14%	1.93%	1.50%	1.93%	2.04%	1.71%	2.68%	1.71%	1.82%	2.04%	1.50%	2.14%	2.89%
Question 4 - Anti-Social management Please detail how your organisation will manage anti-social behaviour for this contract in relation to the specification	2%	1.79%	1.21%	1.86%	1.50%	1.57%	1.29%	1.36%	1.00%	1.36%	1.50%	1.43%	1.43%	1.79%	1.29%	1.00%	1.21%	1.21%	1.36%	1.86%
<b>Total Weighted Quality</b>	<b>30%</b>	<b>22.11%</b>	<b>21.32%</b>	<b>26.75%</b>	<b>23.11%</b>	<b>22.93%</b>	<b>20.75%</b>	<b>21.71%</b>	<b>19.18%</b>	<b>21.96%</b>	<b>20.21%</b>	<b>20.43%</b>	<b>21.36%</b>	<b>25.00%</b>	<b>18.18%</b>	<b>19.25%</b>	<b>20.39%</b>	<b>15.75%</b>	<b>21.36%</b>	<b>28.14%</b>

## Appendix 4 - Overview of price and quality evaluation:

Detailed below is an overview of the total weighted ITT scores for each organisation

Tenderer	Total Weighed %	Rank
8	91.71%	1
11	72.71%	2
20	70.14%	3
19	69.08%	4
4	68.75%	5
14	67.86%	6
16	66.63%	7
15	65.89%	8
3	65.11%	9
10	63.96%	10
13	63.36%	11
9	61.18%	12
12	60.05%	13
2	59.61%	14
17	59.28%	15
5	58.66%	16
18	57.75%	17
7	52.57%	18
6	40.73%	19