

Report to:	CABINET
Report of: Date of Decision:	Strategic Director for People 20th September 2016
SUBJECT:	PROCUREMENT STRATEGY FOR THE PROVISION OF TEMPORARY ACCOMMODATION THROUGH PRIVATE SECTOR LEASING
Key Decision: Yes	Relevant Forward Plan Ref: 002066/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	Cllr Majid Mahmood - Value for Money and Efficiency Cllr Peter Griffiths - Housing and Homes Cllr Brigid Jones - Children, Families and Schools
Relevant O&S Chairman:	Cllr Mohammed Aikhlaq, Corporate Resources and Governance Cllr Victoria Quinn, Housing & Homes Cllr Susan Barnett, Schools, Children and Families
Wards affected:	All

1. Purpose of report:

- 1.1 This report seeks approval to a proposed procurement strategy for the provision of temporary accommodation for citizens who are homeless and for other families who have No Recourse to Public Funds (NRPF) who are also homeless. The provision of temporary accommodation will be provided through a private sector leasing (PSL) scheme. The contracts will be for a period of four years and will commence 1st April 2017, with an estimated annual value of £7.67m.
- 1.2 Further, this report seeks approval to enter into required single contractor negotiations with the existing providers on the Council's current PSL block contract and framework agreement and to award contracts for a period of up to four months commencing 23rd December 2016 to enable the procurement process for the replacement contracts to be awarded.

2. Decision(s) recommended:

That Cabinet:

- 2.1 Approves the commencement of the tendering activity for temporary accommodation provision in accordance with the requirement and approach outlined in Section 5.
- 2.2 Delegates authority to the Strategic Director for People in conjunction with the Assistant Director of Corporate Procurement, Strategic Director of Finance and Legal (or their delegate) and the City Solicitor (or their delegate) to appoint successful providers onto the block contract and framework agreement.

- 2.3 Authorises under Standing Order 5.2 the commencement of single contractor negotiations by the Contract manager in Corporate Procurement Services with Apex Property Services, EZZI Letting Solutions Ltd, Global Property Management, Horizons Supported Housing Ltd, Kwik Let Properties, Metropolitan Surveyors, Midland Livings Ltd, Omega Lettings Ltd, PDS Property Management Ltd, Select Care Solutions, Throughcare Housing and Support and Weir Housing Ltd for the provision of temporary accommodation for the estimated total sum of £1.992m for up to four months commencing 23rd December 2016.
- 2.4 Delegates authority to extend the contracts for the provision of temporary accommodation following the satisfactory conclusion of single contractor negotiations, with Apex Property Services, EZZI Letting Solutions Ltd, Global Property Management, Horizons Supported Housing Ltd, Kwik Let Properties, Metropolitan Surveyors, Midland Livings Ltd, Omega Lettings Ltd, PDS Property Management Ltd, Select Care Solutions, Throughcare Housing and Support and Weir Housing Ltd up to a combined maximum value of £1.992m to the Assistant Director of Corporate Procurement Services (CPS) in conjunction with the Strategic Director – Finance and Legal (or their delegate) and the Acting City Solicitor (or their delegate).

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3. Consultation

3.1 Internal

3.1.1 The Cabinet Member, Health and Social Care, has been consulted and agrees with the report proceeding to Executive Decision.

3.1.2 Officers from City Finance, Corporate Procurement, Information Governance Team and Legal and Democratic Services have been involved in the preparation of this report.

3.2 External

No consultation external to the Council has been carried out.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 The proposals are consistent with the Council Business Plan and Budget 2016+ which sets out the Council's key priorities, including "A Healthy Happy City: Every citizen accessing an affordable and decent home. This contract will help tackle inequality and deprivation and promote social cohesion across all communities in Birmingham and ensure dignity, particularly for older people and safeguarding of children in that the contract will allow fast access to house homeless households on a temporary basis pending a permanent solution.

The provision of quality temporary accommodation supports the delivery of the Health and Well Being Strategy in regards to statutory homelessness and the delivery of the Councils' Homelessness strategy.

4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of this contract. Tenderers will submit an action plan that supports the local economy and creates much needed jobs and develop an apprenticeships scheme with their tender and this will be evaluated in accordance with the process outlined in paragraph 5.6.4. Action plans of the successful tenderers will be implemented and monitored during the contract period by the Corporate Procurement Services, Contract Management Team.

4.2 Financial Implications

The estimated annual value of the temporary accommodation service requirement (including NRPF) is £7.67m per annum. £5.97m will be funded from the Temporary Accommodation budget. (Housing benefit income funds the majority of this expenditure, with the remainder funded through charges to service users). The remaining £1.7m will be funded by the No Recourse to Public Funds Team accommodation budget within the Early Help and Children's Social Care budget.

A minimum of 60% of this spend will be for the block contracts (£4.60m) and up to 40% for the framework agreements (£3.07m). The block contracts will commit the Council to a specific sum per property over the duration of the contract, the framework agreements will not commit the Council to any particular level of spend.

The prices for the block and framework agreement will be fixed for the duration of the contract. However, in the event of an increase in the Local Housing Allowance (LHA) room rate (set by the Government) prices will be increased in line with any uplift. The LHA rate has been frozen since 2015.

The value of the proposed contract extensions from 23rd December 2016 to 31st March 2017 is estimated at £1.6m and will be funded from the Temporary Accommodation budget. NRPF do not currently have a contract in place for this requirement.

The provision of PSL accommodation is one of a number of activities to ensure that the Council minimises the use of more expensive bed and breakfast type accommodation for homeless households and families with no recourse to public funds (NRPF). By securing long term pricing agreements with private sector landlords the Council will seek to achieve the best value for money in a market that currently has very high demand.

4.3 Legal Implications

The Council has a duty to provide temporary, emergency accommodation under Part VII of the Housing Act 1996. Under section 17 of the Children's Act 1989 the council has a duty to safeguard and promote the welfare of children within their area who are in need.

4.3.1 Information Management

The Council will share personal details of the main person / family name and contact number with the provider of the person/family that is to be allocated the temporary accommodation. The provider will be expected to ensure that this data is kept securely and not shared any further without consent from the Council.

4.4 Public Sector Equality Duty

A relevance test was carried out for each of the service areas to decide whether the planned procurement for the contract has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality and human rights was conducted on 26th July 2016 for TA and NRPF. The screening identified there was no requirement to assess it further and completion of a Stage I Equality Assessment Form was not required.

4.5 Pre-Procurement Duty under Public Services (Social Value Act) 2012

Consideration of how this project might contribute to achieving the Council's priorities and improve the economic, social and environmental well-being of the relevant area was discussed by internal stakeholders and this is reflected in the requirements, being relevant and proportionate to the overall contract.

The process for securing social value during the procurement will be through the Birmingham Business Charter for Social Responsibility.

5. Relevant background / chronology of key events:

5.1 Background

5.1.1 The Temporary Accommodation team (TA) uses a range of accommodation types to house homeless households pending permanent re-housing. These include:

- Bed and Breakfast Accommodation
- Council Stock let as Temporary Accommodation
- Council Homeless Centres
- Private Sector Rented properties through the PSL contract/framework agreement
- Voluntary Sector supported accommodation including Salvation Army, St Basils and Trident

5.1.2 On 5th December 2013 a block contract and a framework agreement for temporary accommodation was awarded for a period of 3 years following approval by the Strategic Director for People. That approval also gave delegation to officers to add additional companies onto the framework as the need arose following further competition. These contracts were for the sole use of the TA team.

5.1.3 This proposed procurement is concerned with properties provided from the Private Rented Sector which are provided from agents who source the properties from landlords

across the city. The maintenance of these properties is the responsibility of the landlord, not the Council and managed by the agent. All payments from the Council are made to the agent. The rental agreement includes for the provision of furnished accommodation only, with the exception of NRPF cases and all other utility charges will be the responsibility of the tenant

5.1.4 The Temporary Accommodation team, given the uncertainty of potential future requirements as a result of the impact of welfare reform and other policy drivers requires a level of flexibility without financial commitment. To facilitate this requirement it is proposed to continue with both a block and framework contract approach.

5.1.5 To meet the service requirements and any changes in demand for block properties it is proposed to include the ability to award to providers up to 20% more properties subject to meeting certain requirements. This will in turn reduce the requirement for framework properties by up to 20%. However there will be no commitment to award any additional properties under the block contract.

5.1.6 The providers on the block contract supply a specific number of properties which provides a “safety net” of accommodation to ensure that there is a continual supply of private sector accommodation to house homeless families. It also provides a guaranteed rent to the provider, including during void periods. Providers on the block contract are required to complete a lease agreement with the Council as one of the contract schedules.

The providers on the framework agreement supply accommodation to be offered for use as temporary accommodation but this does not guarantee rent for void periods. In return, rents on the framework are slightly higher than the block contract. However, properties offered through the framework can be withdrawn by the provider at any time without notice. The landlord tenant arrangement is between the provider and the City Council (not the individuals being placed within the property).

The NRPF service do not currently have a contract in place and have been purchasing their requirements on an ad-hoc basis. Including their requirements into this contract will ensure compliance to Standing Orders and the Procurement Governance Arrangements and reduce the Council’s off contract spend. It will also secure a better price than spot purchasing and reduce officer time spent on procurement and contract management.

5.1.7 The number of properties currently covered under the block contract and framework agreement as part of the PSL for the TA scheme is:

Tenancy Type	Number of Properties	Percentage
Block	448	57%
Framework	328	43%
Total	776	100

5.1.8 The number of properties proposed under the new contract will be:

Tenancy Type	No. of Properties	Percentage
Block	506 - 674	60% - 80%
Framework	337 - 169	40% - 20%
Total	843	100

5.1.9 Single Contractor Negotiations

The current block contract and framework agreement expires on 22nd December 2016. In order for sufficient time for the replacement arrangements to be awarded, approval to enter into single contractor negotiations for new contracts with the existing twelve providers detailed in recommendation 2.3, for a period of up to four months commencing 23rd December 2016, is required. There is an urgent requirement for continuity of service ensuring that the PSL providers are engaged on the Council's existing terms and conditions of contract not the supplier's terms of business. The service area has confirmed that the providers have delivered to the existing requirements of the contracts and that there are no performance issues. Their performance will continue to be managed by the Corporate Procurement Services and the Homeless Team respectively.

5.2 Service Requirements

There are two requirements: the first is for a prescribed number of leased, furnished properties required for the life of the contract. These are purchased under a Block contract arrangement. The second provides additional capacity of furnished accommodation purchased on an ad hoc basis subject to demand through a framework agreement.

5.2.1 On average, 95% occupancy was achieved for properties on the block contract. The void periods occur due to repairs and preparing properties for new occupants or an inability to match appropriate households to an available property. Since implementation of the current contract the TA team is in a position to more accurately predict the size, location and type of property required in the future and this should therefore reduce any void periods and enables more demand to be allocated to the block contract rather than the framework top up.

5.2.2 It is predicted that the temporary accommodation team requires in total of 843 properties of the following sizes:

- 1 bed – 202
- 2 bed – 490
- 3 bed – 58
- 4 bed – 50
- 5 bed – 43

Percentage split between these properties will be as detailed above in 5.1.8

Based on historic data the estimated requirements of the NRPF service for the new contract/framework are a total of 170 properties of the following sizes:

- 1 bed - 1
- 2 bed – 135
- 3 bed – 30
- 4 bed – 3
- 5 bed – 1

There will be a 50/50 split between block and framework agreement.

5.2.3 The future demand for the service is difficult to calculate due to a number of key policy decisions and implementations that are required and the impact on the homeless service these include the new allocations scheme, delivery of the front line homeless service as

well as a range of welfare reform policy changes. The Immigration Act 2016 which received Royal Assent on 12th May 2016 will have an impact on how cases are dealt with by the Home Office. It is likely that in future families will find it harder to seek support from the Home Office or Third Sector Community based organisations and will turn to the Council for direct help, increasing the numbers who present themselves as destitute.

5.3 Outcomes Expected

5.3.1 The following outcomes are expected as a result of the procurement process:

- A sufficient portfolio of properties to minimise the need to resort to bed & breakfast accommodation;
- A range of different properties to meet the needs of all household sizes;
- The provision of suitable temporary accommodation;
- Market pricing.
- Delivery of added social value relevant to the services being provided

5.4 Market Analysis

Although the Council would like a decent mix and spread of properties within each ward of the City, this may not be achieved because the market dictates availability of suitable accommodation. There are a number of providers for this service ranging from small to medium enterprises. It is considered that the nature and value of the service will appeal to small, local providers; however larger organisations will not be precluded from tendering. There are also potential pressures from external companies and other Local Authorities looking to place homeless households in Birmingham. Following consultation with providers it was decided to offer a longer term contract/framework than previously to ensure that it will present to the market the most attractive opportunity and that there is adequate accommodation available to vulnerable households.

5.5 Strategic Procurement Approach

5.5.1 The following options were considered:

- 5.5.1.1 Tender as a Council only contract. This is the recommended option as this would give the Council the most flexibility in specifying our service provision and enable the contract to be awarded within the timescales.
- 5.5.1.2 Tender as a framework agreement primarily for Birmingham but available for use by other public sector bodies. No benefit or economies of scales would be realised from this option therefore this option was discounted.
- 5.5.1.3 Use a collaborative framework agreement. There is not a collaborative framework agreement in place that meets the Council's requirements.

5.6 Procurement Approach

5.6.1 Duration and Advertising Route

The proposed block contract and framework agreement will be for a period of four years, commencing 1 April 2017. The tender opportunity will be advertised via Contracts Finder, Find it in Birmingham and the Official Journal of the European Union (OJEU).

5.6.2 Procurement Route

The requirement will be tendered using the open route on the basis that the Council needs to attract as many providers as possible to secure the number of properties required and may include an e-auction to finalise pricing.

5.6.3 Scope and Specification

In order to mitigate against the circumstances highlighted in the report such as:

- other competitors (Neighbouring authorities and the Home Office)
- changes in legislation relating to welfare reform and immigration
- unpredictable increases in demand as a result of the above
- legal duty relating to homelessness, children act and immigration status

the preferred option is to tender on the basis of a block contract and also a framework agreement for the four year period.

The requirement will be split into two lots:

- Lot 1 – Block Contract - Properties for use by both service areas
- Lot 2 – Framework Agreement - Properties for use by both service areas

The minimum specification requirements for the properties is included in Appendix 1.

5.6.4 Tender Structure

5.6.4.1 Evaluation and Selection Criteria

The evaluation of tenders will be conducted in two stages:

Stage 1 – Company Information

This stage will consist of mandatory pass/fail considerations which tenderers must pass before progressing to Stage 2. These are:

- Part 1 Information about the Applicant
- Part 2 Grounds for Mandatory Exclusion
- Part 3 Grounds for Discretionary Exclusion Section 1
- Part 4 Grounds for Discretionary Exclusion Section 2
- Part 5 Economic and Financial Standing
- Part 6 Technical and Professional Ability
- Part 7 Additional Questions
 - Environmental Management
 - Insurance
 - Compliance with Equalities Duty
 - Compliance with Health and Safety
 - Compliance with BBC4SR
- Part 8 Previous Experience
- Part 9 Declaration

Those organisations that pass Stage 1 will proceed to the Stage 2 Evaluation.

Stage 2 – Evaluation of Tenders

The contract award will be based on the Most Economically Advantageous

Tender. This will be determined by a balance between the cost, quality of the service to be provided and the added social value offered as detailed in the tenderers' response.

Tenders received will be evaluated using a quality/price/social value balance in accordance with a pre-determined evaluation model. The quality element will account for 30%, social value 10% and price 60%. This quality/social value/price balance was established having due regard for the corporate documents 'Evaluating Tenders Procedure' which considers the complexity of the services to be provided and the degree of detail in the specification.

The quality of each tenderers submission will be assessed in relation to specific requirements set out in the tender documents. These are:

Quality (30%) Block Contract

Criteria	Overall Weighting	Sub-weighting
Property Management	100%	60%
Capacity to Deliver		30%
Customer Care		10%

Quality (30%) Framework Agreement

Criteria	Overall Weighting	Sub-weighting
Capacity to Deliver	100%	60%
Property Management		30%
Customer Care		10%

Tenderers who score less than 60% of the quality threshold may not take any further part in the process.

Social Value (10%) for Both Lots

Criteria	Overall Weighting	Sub-weighting
Local Employment	100%	10%
Buy Birmingham First		20%
Partners in Communities		20%
Good Employer		20%
Green and Sustainable		20%
Ethical Procurement		10%

Tenderers who score less than 40% of the social value threshold may not take any further part in the process.

Supplier presentations and interviews may take place to clarify their understanding of the requirements and the scoring adjusted accordingly, if appropriate.

Price for Both Lots

The price will be based on a weekly rental charge for each unit type e.g. 1, 2, 3, or 4 bedroom properties and scored using a predetermined pricing model and may be subject to an e - auction.

Overall Evaluation

The evaluation process will result in comparative quality/social value/price scores for each tender. The maximum score will be awarded to the tender that demonstrates the highest for quality and similarly for social value for each lot. The maximum price score will be awarded to the lowest acceptable price for each lot. Other tenders will be scored in proportion to the maximum price/quality/social value scores to give a combined score.

The highest ranked bidders providing the required number of properties will be appointed to the block contract. All bidders meeting the required thresholds will be appointed to the framework agreement and properties will be called off by using the provider who is offering the best rate for the property required subject to availability.

5.6.5 Evaluation Team

The evaluation of tenders will be undertaken by officers from People Directorate, Temporary Accommodation and NRPF supported by Corporate Procurement Services.

5.7 Indicative Implementation Plan

Cabinet Approval to Strategy	20 th September 2016
OJEU Notice Issued	30 th September 2016
Clarification Period	3 rd October 2016 – 24 th October 2016
Tender Return Date	2 nd November 2016
Evaluation Period (to include evaluation scoring, presentations and interviews)	3 rd November 2016 – 11 th November 2016
Delegated Contract Award	15 th December 2016
Contract Start	1 st April 2017

5.8 Contract Management

This contract will be managed at an operational level by Officers from the People Directorate with overall contract management by the Contract Manager, Corporate Procurement Services.

Key Performance Indicators will be developed with stakeholders and included in the tender documentation.

6. **Evaluation of alternative option(s):**

6.1 Alternative procurement options are detailed in paragraph 5.5

7. **Reasons for Decisions (s):**

7.1 To enable the commencement of the tender process for the provision of temporary accommodation through private sector landlords.

Signatures	<u>Date</u>
..... Cllr Majid Mahmood, Cabinet Member, Value for Money and Efficiency
..... Cllr Peter Griffiths, Cabinet Member, Housing & Homes
..... Cllr Brigid Jones, Cabinet Member, Children, Families and Schools
..... Peter Hay, Strategic Director for People

List of Background Documents used to compile this Report:
None
List of Appendices accompanying this Report (if any):
1. Outline Specification

Part A – General Property Specification

- a. External
- b. Internal

Part B – Room Specification

- a. Kitchen
- b. Dining Area
- c. Bathroom
- d. Living Area
- e. Bedroom

Part C – Decent Homes Standard

- a. **Criteria A**
 - Physiological requirements
 - Psychological requirements
 - Protection against infection
 - Protection against accidents
- b. **Criteria B**
 - Reasonable state of repair
- c. **Criteria C**
 - Reasonably modern facilities
- d. **Criteria D**
 - Reasonable level of thermal comfort

Part D – Certificates, Contracts and Insurances

Part E – Requirements for Self Contained Accommodation

- a. These are the minimum room dimensions

Part F – Requirements for Houses in Multiple Occupation (Bed sit)

- a. Minimum room dimensions
- b. Individual/communal facilities
- c. Fire Precautions
- d. HMO license – if applicable

Part G – Timetable for Repairs

- a. Emergency Repairs within 24 hours
- b. Urgent within 7 days
- c. Routine within 28 days