

REPORT TITLE: Newcastle Housing Advice Service Contract Award

Submitted by: Joanne Halliday – Head of Housing and Regeneration

Portfolio: Economic Development, Regeneration and Town Centres

Ward(s) affected: All

Purpose of the Report

The delivery of a housing advice, homelessness and housing register service is a statutory function, which means the Council has to provide assistance to assist individuals and families who are homeless or threatened with homelessness who apply for help. This report outlines the outcome from the tendering exercise for the NHA – Homelessness, Housing Advice and Housing Register Contract and makes recommendations to Cabinet to seek approval in the award of the NHA contract.

Recommendations

(a) To award the Homelessness, Housing Advice and Housing Register contract to Midland Heart for the period 1st April 2014 – 31st March 2017, with the option to extend for a further three years on satisfactory performance.

(b) To authorise the Executive Director for Regeneration and Development in consultation with the Portfolio Holder for Economic Development, Regeneration and Town Centres, to finalise negotiations with Midland Heart on the precise details within the service specification to ensure that the contract offers maximum value for money.

Reasons

The current arrangements for the Homelessness, Housing Advice and Housing Register contract are due to expire on 31st March 2013 and the Council have a statutory duty to ensure that services are in place to meet the needs of local residents regarding Homelessness and Housing Options. The Council has undertaken a competitive tendering process in line with OJEU regulations and the preferred contractor should be awarded the new contract to commence 1st April 2014.

1. **Background**

1.1 The Council has a statutory duty under the Housing Act 1996, as amended by the Homelessness Act 2002, to provide homelessness, housing advice and housing register services in the local authority area.

1.2 The current Homelessness, Housing Advice and Housing Register contract with Aspire Housing commenced on 1 September 2009 and is due to expire in 31st March 2014. Under the contract Newcastle Housing Advice at Aspire Housing have the responsibility to deliver:

- the Homelessness Service which includes the prevention of homelessness through advice, discharging the Council's homelessness duty and ensuring customers are housed appropriately;
- the Housing Advice Service which includes a comprehensive housing advice service across all tenures, joint working with key stakeholders and providers and signposting to other specialist services;

- the Housing Register Service which includes the management of the Housing Register, nominations to social housing providers and advice on the Housing Register.
- 1.3 On 13th September 2013 Cabinet approved to retender the Newcastle Housing Advice Service Contract for a 3 year contract with an option to extend for a further 3 years subject to satisfactory performance and funding. As part of this it was agreed to accept variants bids on service location, accessibility, publicity and branding, Housing Register, Housing Advice and Homelessness prevention schemes.

2. Contracting Tendering Process / Issues

- 2.1 The contract retendering process started with an advertisement in the Official Journal of the European Community and followed an open tender process by which tenders must be submitted 45 days after the advertisement is placed.
- 2.2 One compliant tender submission was received from Midland Heart. This tender offers a Newcastle based advice service including an on-line housing options advice toolkit and on-line registration for housing applications. The delivery of the new service will include ICT developments to create a specific Newcastle product which will enable customers to register and update their housing register application directly. This will include faster registration for all applicants. This will enable the Newcastle Housing Advice staff to concentrate on residents with more complex housing needs and officers will update their housing assessment following initial registration. This will in effect enable those with complex needs to commence bidding for housing whilst they receive housing advice.
- 2.3 An Interview was undertaken on 28th November 2013 in order to ascertain further information regarding the proposed project plan and to clarify a number of points on Midland Heart's tender submission.
- 2.4 The compliant bid from Midland Heart was above the indicative budget therefore officers have undertaken post tender negotiations to reduce costs in line with the previously agreed options for variant bids. One of the key issues negotiated is the location of the service and it would appear likely that a more centrally-based premise can be secured on a more cost-effective basis, thereby providing a more accessible service for our residents and reducing the Year 1 cost overhead. The Council has also negotiated with Midland Heart that savings will be delivered through changes to the ICT systems, this will be finalised with the providers over the forthcoming weeks.

3. Proposal

- 3.1 To award the NHA contract to Midland Heart Ltd in line with the tender documentation and the terms outlined in the draft contract.

4. Reasons for the Proposal

- 4.1 Through the NHA contract re-tendering exercise Midland Heart Ltd have evidenced that they are committed to providing progressive and quality services in partnership with the Borough Council to meet the standards outlined in the Council's Tender Documentation.
- 4.2 To follow the AI Catel mandatory standstill period before formally notifying Midland Heart Ltd of the award of contract. This is because the Office of Government Commerce (OGC)

advises a need for a standstill period between the notification of an award decision in a contract tendered via OJEU and the conclusion of the contract with the successful suppliers.

5. Outcomes Linked to Corporate Priorities

- 5.1 The NHA service contributes to meeting the Council's Corporate Priorities for creating a Borough of opportunity and healthy and active communities.

6. Legal and Statutory Implications

- 6.1 The Council is statutorily responsible and accountable for the discharge of its homelessness duties, even where it has contracted out the delivery of services.

- 6.2 Under the Housing Act 1996 and the Homelessness Act 2002, the Council is required:

- i) to ensure that advice and information about homelessness and preventing homelessness is available to everyone in the borough free of charge
- ii) to assist individuals and families who are homeless or threatened with homelessness who apply for help. This means receiving homelessness applications and investigating and deciding whether a statutory duty is owed to the applicant. The main statutory homelessness duty is owed to applicants who are eligible, unintentionally homeless, and in Priority Need. In these cases the Council has to secure accommodation for the applicant and their household: temporary accommodation if needed and permanent accommodation thereafter in order to discharge this duty.

- 6.3 Any procurement has to comply with the Council's Financial Regulations and Standing Orders. Standing Orders state that "post tender negotiations means negotiations with any tenderer after submission of a tender and before the award of the contract with a view to obtaining adjustments in either price or content or both".

- 6.4 If the contract is not awarded or alternative arrangements made the Council then there will be no provision for the service after 31st March 2014, which would be in breach of statutory obligations.

- 6.5 If Cabinet give approval to award the NHA – Housing Options and Housing Register contract to Midland Heart Ltd then TUPE regulations will apply to the employees currently based at Aspire Housing Ltd.

7. Equalities

- 7.1 The Council's procurement tender process has regard to equalities, including the evaluation of equalities and diversity policies concerning employment practice and service delivery and workforce diversity monitoring.

8. Financial and Resource Implications

- 8.1 The Medium Term Financial Strategy includes an annual budget of £300,000 for the service. In line with the Council's overarching aim to seek at least 10% savings from all newly commissioned contracts, there was a broad expectation that the budget for the service would be reduced from £300,000 to £270,000 with effect from the next financial year (2014/15).

- 8.2 The tender received was for an overall 3-year sum of £961,973 (average annual contract cost of £320,658) with the Year 1 cost at £355,881 (the latter reflecting the fact that there would be some transitional and initial set-up costs).
- 8.3 As part of the post contract negotiations your officers have clarified the base cost of the service and established the key assumptions in the tender proposals relating to three key areas (staffing, premises and ICT system). It is recommended that the Council accepts the core costs of the tender but seeks to reduce costs, where possible. To that end Midland Heart has confirmed the potential to reduce the overall service cost over the 3-year contract period by about £51k (thereby reducing the annual average cost by £17k to about £303k).
- 8.4 In view of the fact that the detailed negotiations involve not only Midland Heart but third party suppliers it has not been possible to reflect a final figure at the time of writing. That said your officers are confident that the Year 1 requirement should be at least £20k less than the original tender submission (i.e. about £335k) and it would be appropriate to reflect that in the 2014/15 revenue budget.
- 8.5 The outcome of the ongoing contract negotiations would need to be incorporated into the next iteration of the Medium Term Financial Strategy and future years' Revenue budgets as necessary.

9. **Major Risks**

- 9.1 If the service is delivered unsatisfactorily, there would be a significant impact on the homeless households both in terms of financial and social costs.
- 9.2 If the service fails to deliver the Homelessness Prevention agenda there is also the risk of further cost to the Council in responding to homelessness reactively rather than proactively.
- 9.3 If the service is delivered unsatisfactorily, the Council would be open to a legal challenge as to how it had failed to meet its minimum duty. This would mean that Council would still have to provide assistance to the homeless household and cover any cost awarded against the Council.

10. **Key Decision Information**

- 10.1 The service affects residents in all wards of the Borough and involves the allocation of significant funds over the forthcoming years.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 Cabinet approved the Homelessness Strategy 2010-15 in 2009.
- 11.2 On 20th March 2013 the Economic Development and Enterprise Scrutiny considered the issues and accepted the proposal of the NHA Contract Retendering Working Group to develop an in-house bid, as an option to be considered as a tender submission for comparison purposes and to ensure the best service is delivered, whilst achieving good value for money aims. The Portfolio Holder then approved this approach and specification/service outline via a delegated approval.
- 11.3 On 18th September 2013 the Cabinet approved:
(a) To retender the Newcastle Housing Advice Service Contract for a 3 year contract with an option to extend for a further 3 years subject to satisfactory performance and funding.

- (b) That Cabinet approve the proposal to accept variants bids as part of the retendering of the Newcastle Housing Advice Service Contract.
- (c) That Cabinet require the successful contractor to work with the Council to enhance the customer journey in future years of the contract.
- (d) That the Executive Director for Regeneration and Development is authorised in consultation with the Portfolio Holder to finalise the specification/service outline.
- (e) That once details of the relevant bids have been received they are shared with the relevant scrutiny committee to help ensure that the important parts of the contract are protected before any contract is awarded.

12. List of Appendices

12.1 None.

13. Background Papers

13.1 Service specification and tender documentation are available on request.