

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

10th July 2019

1. **REPORT TITLE** Newcastle Housing Advice Service Contract
- Submitted by:** Joanne Halliday
- Portfolio:** Community Safety and Wellbeing
- Ward(s) affected:** All

Purpose of the Report

This report sets out the options available for the provision of the Council's statutory homelessness, housing advice and housing register services for April 2020 onwards when the current extended contract expires.

Recommendations

- a) To retender the Newcastle Housing Advice (NHA) 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 Executive Director (Resources and Support Services) and Section 151 Officer in conjunction with the Portfolio Holder for Community Safety and Wellbeing is authorised in consultation with the Portfolio Holder to finalise the specification/service outline, undertake the tendering process, if required to complete any post tender negotiations and award the contract to the successful contractor.
- c) That Members support the requirement of the successful contractor to work with the Council to develop the service delivery in future years of the contract.
- d) That the Executive Director (Resources and Support Services) and Section 151 Officer in conjunction with the Portfolio Holder for Finance and Efficiency is authorised to assess the procurement options linked to the delivery of a Choice Based Lettings IT software and associated Homeless Prevention module, and should this be required that they have the authority to finalise the specification/service outline, undertake the tendering process, if required to complete any post tender negotiations and award the contract to the successful IT contractor.

Reasons

In line with the Council regulations contracts over the value of £50,000 should be competitively procured through written tenders. This report outlines the options available to procure the NHA service within the budget available when the current contractual arrangements expire on 31.3.20.

1. **Background**

- 1.1 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. The service is currently delivered by Midland Heart under contract for the Borough. This current contractual arrangement began 1.4.14 and will end 31.3.20.

1.2 The NHA service consists of the following elements:

Homelessness prevention

The main focus of the NHA service is homelessness prevention and it is widely recognised that homelessness can be prevented in the majority of cases by early intervention. Wherever possible the service seeks to secure the continuation of the current accommodation or find alternative accommodation. Where a customer's homelessness cannot be avoided through prevention, NHA assist them to make a homeless application in line with the homelessness legislation, to then make a homeless decision on the Council's behalf. This service has now been adapted to support the Homelessness Reduction Act (HRA) 2017.

The extra burdens this has created for the service have been mitigated by providing an extra member of staff and by making available further interview space at the rented office accommodation in Lower Street. Housing Officers also procured a bespoke IT system to boost the practical support required to help customers overcome the threat of homelessness.

Housing register

Midland Heart also operates the Council's Housing Register and Allocations Policy under the remit of the NHA contract. Applicants who join the Housing Register are assessed in line with the criteria set out in the Housing Allocations Policy, currently under review, which awards a 'Banding' priority to applicants based on their housing needs and is the mechanism for letting social housing in the Borough. Applicants are then able to express an interest in properties that are advertised under the Choice Based Lettings (CBL) scheme, which is known as Homesdirect

After stock transfer, the Council retained 75% Nomination rights for Housing Register applicants to access Aspire Housing's stock. The Council also has a number of Service Level Agreements (SLA) in place for Nominations with other Registered Providers (RPs) holding stock in the Borough. These agreements commit each RP to providing 50% of the total Borough lettings of their stock to Housing Register applicants and provide additional opportunities for Borough residents to access social housing.

It has been made known to officers that Aspire wish to have a joint housing allocations policy to support 100% nominations from April 2020. This will have resource implications that need to be considered for the service moving forward. Alongside this one of the main considerations will be for the Council to consider procuring a CBL system that integrates with the current homelessness prevention system. These two issues would significantly improve working relations with Aspire and provide a seamless service for our customers and stakeholders to navigate.

Temporary accommodation

Midland heart also provide two 2 bedroom houses that are delivered under a separate service level agreement for the sole purpose of providing emergency interim accommodation as and when this is required by homeless households.

Third sector commissioning

There are services that receive funding through Third Sector Commissioning process that complement the main NHA service and assist in the delivery of services to prevent and alleviate homelessness. These are:

- Furniture Re-use Service
- Rough Sleepers Outreach Service

The table below shows the number of customers coming to the service seeking advice and support with their housing needs as at April 2019.

Activity	Numbers
Applicants managed on the housing register (snapshot figure)	1242
Properties nominated 2018/19	550
Calls to service housing register and housing options	1000 per month/1200 per year
Customers seen on reception	300 per month/3600 per year
Homeless emergency presentations and follow up appointments	1000 per year

2. **Issues**

- 2.1 The current service costs £328,863 per annum and the cost of the contract is met within the Housing and Regeneration Service budget. The current contract for the NHA service will expire on 31st March 2020.
- 2.2 Midland Heart has and continues to provide a satisfactory service. The contractual service has been delivered during a period where the housing policy landscape has changed significantly. As a result of ongoing Welfare Reform changes, the cuts to Supporting People funding, the Housing and Planning Act and rent reductions for social housing tenants, are making it more challenging to support customers especially those who are the most vulnerable. As mentioned above, further homeless legislation has increased the numbers of customers we now have to provide assistance for and changed how we work with customers and this has been successfully implemented into the service. It has however, increased work load, time and customer footfall significantly.
- 2.3 During 2017 the service underwent a peer review in line with the Gold Standard challenges of the National Practitioner Service. The service was awarded 67% overall, which is well above the averages of other local Authorities who have also taken part in this exercise.
- 2.4 There were a number of recommendations that emerged from the review that included improving the reception and interview facilities at the current NHA premises on Lower Street and sourcing a suitable IT solution for case management. Officers have worked with Midland Heart to make improvements to these, funded from the Government's New Burdens Grant. There are however, further improvements required to find solutions to the reception facilities at the current NHA location in Lower Street that does not provide for customers to have any private space to complete online housing register enquiries or have enough space available if a large family are to present.
- 2.5 Officers are therefore requesting that members reconsider the future delivery options for this service and make a decision on the way forward in light of the monitoring of the current contract and how the service has adapted to changes mentioned above.

3. **Options Considered**

- 3.1 The Council can consider a range of options to deliver the service. The service specification can be reviewed to basically deliver what is offered now, reviewed to make improvements or delivered differently with regard to the housing register. The service can be delivered in-house or contracted out. If contracted out the current contract period of 3 years with an option to extend for 3 years would be recommended to be used.

3.2 In the event that the Council wishes to pursue delivering the service in house it is likely that a thorough review will be required possibly by the Council procuring the services of a specialist consultant. Members are minded that since the Council transferred the housing stock, the NHA service has been contracted out and that the service has been successfully delivered. Midland Heart has advised in principle that they are interested in continuing to deliver the service. It is therefore of Officers opinion that there will be interest from providers to deliver the service and work with the Council to continue to develop the service delivery.

4. **Proposal**

4.1 The proposal is to retender the service with a revised specification/service outline as this option is most likely to deliver the service within the budget allocation.

The revisions required to the specification and service outline will be significantly different now that revised homeless legislation has been introduced. This will involve significant officer resource to ensure that the best service can be procured and secured. It is recommended therefore, that a three year contract be awarded, with the option to extend for a further three years subject to satisfactory performance.

4.2 In reviewing the options for the service delivery, the new service specification and standards will need to meet:

- Homelessness Prevention.
- Homelessness applications and assessments within the framework of Homelessness Reduction Act 2017 (HRA 2017).
- Securing temporary accommodation, and limiting the use of B&B.
- The management and operation of the Housing Register.
- Securing permanent accommodation through CBL nominations and Private Landlords.

4.3 Following the introduction of HRA a bespoke IT case management system was procured from the software provider LOCATA, known as Homelessness Prevention 2 (HP2). This tool has provided a vital tool in supporting the requirements of HRA and has significantly supported the relationship between the housing officer and customer relationship. The Council has a two year contract with LOCATA which expires on 31.3.20 with the option to extend a further two years. It is recommended that the Council continues with the service of HP2 and also considers that it procures the housing register module from LOCATA to integrate all housing options and ensure that customers and our partners have just one system to navigate.

4.4 As mentioned above HRA has significantly increased the workload and footfall of customers of NHA. The Council have supported an extra member of staff on a temporary basis using the HRA New Burdens grant funding which adds a further £40k per annum to the contract value. Performance indicators are showing that the service will have to allow for this resource to continue for the new service to support the additional workload.

4.5 Also mentioned above, the Council wishes to work with Aspire to deliver 100% nominations with a Joint Housing Allocations Policy. This would also require additional resource that will need to be negotiated with Aspire.

4.6 It will be a requirement of the service outline to ensure that the successful provider work with Council to develop the service and comply with any future legislative and service changes.

5. **Reasons for Preferred Solution**

- 5.1 To retender the NHA service on the open market under OJEU procurement legislation based on the Council knowing that there are interested providers. The following is an indicative timetable that officers need to allow sufficient time for the procurement of the service

Activity	Date
Final tender documentation/cabinet decision for advertising	July 2019
Tender out for advertisement	Aug-Oct 2019
Evaluation of tender/s/clarification	November 2019
Contract award	December 2019
Work to commence on implementation of service	January 2020

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

- 6.1 Providing the Councils statutory duties including housing advice and access to appropriate housing supports the Council's corporate priorities of:
- Local services that work for local people.
 - Growing our people and places.

7. **Legal and Statutory Implications**

- 7.1 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 even if it has contracted out the service.
- 7.2 Any procurement will have to comply with the Council's Financial Regulations and Standing Orders.
- 7.3 There will be TUPE implications for the transfer of staff to a new provider if the contract is not awarded to the current provider. Awarding the contract in December then enables proper liaison to comply with TUPE requirements.

8. **Equality Impact Assessment**

- 8.1 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.

9. **Financial and Resource Implications**

- 9.1 The Medium Term Financial Plan includes an annual budget of £328,000 for the service. The Council have supported an extra member of staff on a temporary basis using the HRA New Burdens grant funding which adds a further £40k per annum to the contract value. There is no clear indication that this grant will continue and with this in mind, officers have ringed fenced the flexible homelessness supporting grant funding, with a reserve of £120k to mitigate financial risk for the next three years. Therefore the budget for the service will be £368,000 for 2020 – 2023.
- 9.2 Further discussions are required with Aspire in relation to the joint policy and 100% nomination service level agreement. Funding is required to procure a CBL system, Local

Authorities have been allocated grant funding for ICT provision in relation to the implementation of the Homelessness Reduction Act (£9,000). Subject to reviewing the options with a variety of providers it will be prudent to utilise £15,000 from the HRA New burdens funding and some funding from the Flexible Homeless Support Grant (including the anticipated 2020-21 allocation). Officers are talking to LOCATA and Abris to ensure that cost efficiencies from purchasing the HP2 and CBL modules can be achieved. There will then be an ongoing revenue support cost for the CBL module estimated at £16,000. Subject to future Government Grant Allocations this may need to be budgeted for in the Medium Term Financial Strategy in three years time.

10. **Major Risks**

- 10.1 There is a risk that the tendering process will not result in a service able to meet the needs of our residents.
- 10.2. If the service is delivered unsatisfactorily, there would be a significant impact on homeless household both in terms of personal, financial and social costs.
- 10.3 If the service is delivered unsatisfactorily, the Council would be open to a legal challenge 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.

11. **Sustainability and Climate Change Implications**

- 11.1 The Newcastle Housing Advice service has no direct impact on climate change. Ensuring that the service contributes to sustainable communities and the prevention of homelessness is a key function.

12. **Key Decision Information**

- 12.1 The NHA service is a statutory function and affects all wards in the Borough. When considered by members this will be a key decision item.

13. **Earlier Cabinet/Committee Resolutions**

- 13.1 The Newcastle Housing Advice service was last retendered in January 2014.

14. **List of Appendices**

- 14.1 None

15. **Background Papers**

- 15.1 None