

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO CABINET**

**15 January 2020**

**Report Title:** Newcastle Housing Advice Service

**Submitted by:** Head of Housing, Regeneration and Assets

**Portfolios:** Community Safety and Wellbeing

**Ward(s) affected:** All

**Purpose of the Report**

This report sets out a way forward for the provision of the Council's statutory homelessness, housing advice and housing register services for April 2020 onwards.

**Recommendation**

That the Executive Director - Commercial Development and Economic Growth in conjunction with the Portfolio Holder for Finance and Efficiency is authorised to extend the Newcastle Housing Advice contract with Midland Heart for 12 months.

That the Council brings the Newcastle Housing Advice service back in-house by 1<sup>st</sup> April 2021.

That the Council works with Midland Heart to undertake the necessary consultations and development of processes to transfer the service effectively.

That the Council establishes a temporary post to develop the in-house service

**Reasons**

The Council has been through a competitive tendering process for the Newcastle Housing Advice Service, this has unfortunately not resulted in a tender within the budget. This report therefore outlines the approach to extending the existing contract in the short term whilst the Council works with the contractor to bring the service back in-house in the medium term.

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 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.

1.3 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 £40,000 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.

## 2. **Issues**

2.1 The Council went out to competitively procure the NHA service in line with OJEU regulations, one tender was received however this was not within the set budget. Through the clarification process officers worked with the tenderer to review the service proposals and a number of areas were addressed however a compliant bid could not be achieved.

2.2 The current contractor Midland Heart do not wish to run the service for another 6 years however they operate a good service and are acceptable to extending their current contract for up to 18 months.

## 3. **Proposal**

3.1 It is proposed to extend the current contract with Midland Heart for up to an additional 12 months. During this time the Council can then develop an in-house service. Members will be aware that the Council is looking to develop a new Joint Housing Allocations Policy and to contract with LOCATA to deliver the housing register. Cabinet have approved in July 2019 a way forward for the commissioning of the IT system however the Joint Allocations Policy needs to be developed, consultation undertaken and subject to Cabinet approval. The development of the IT system has a 6 month implementation, it is therefore appropriate to consider this going live by September 2020.

3.2 If the Council considered bringing the NHA service back in-house from April onwards then the Council would need to budget to pay Midland Heart for access to their IT system on which they currently operate the housing register.

3.3 Report in July highlighted that should the Council wish to consider delivering the service in-house then a thorough review would be required possibly by the Council procuring the services of a specialist consultant. It is proposed that the Council employs a temporary officer on a 12 month contract to support the development of the in-house service.

## 4. **Reasons for Proposed Solution**

4.1 Taking into account costs and ensuring that the transfer of the service is completed in the best manner it is appropriate to seek to have the contract move back in house in line with the IT development. The Council should be seeking to minimise the disruption to customers many of whom are vulnerable, therefore the timing of the re-registration for the housing register is important. Thus subject to approval and discussion with Midland Heart it is proposed that the extension aligns to the new housing register IT implementation.

## 5. **Options Considered**

5.1 It is not considered appropriate to go back out to the market as there are limited housing providers interested in delivering these statutory services and

## 6. **Legal and Statutory Implications**

6.1 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 regardless as to if the service is operated in-house or contracted out.

6.2 There will be TUPE implications for the transfer of staff to the Council, the Council and Midland Heart will undertake the respective elements of the TUPE requirements.

6.3 The extension of the contract to Midland Heart requires an exception to council contract procedure rules, 4.1(c) "The contract is for the execution of work or the supply of goods or services certified by the appropriate Chief Officer to be required so urgently as to preclude the invitation of tenders'.

## 7. **Equality Impact Assessment**

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 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 £40,000 per annum to the contract value. There is no clear indication that this grant will continue, therefore Cabinet in July 2019 approved the ring fencing 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 was set at £368,000 for 2020 – 2023.

8.2 No tenders were received within the budget, however the current contract can be extended and the Council can run the service in-house for the budget.

8.3 Further information is outlined in the part 2 appendix.

8.4 A temporary post to develop the in-house service will cost £37,602 for 12 months, this will be funded from Homelessness Grants.

## 9. **Major Risks**

9.1 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. By extending the current contract with Midland Heart to enable the Council to develop the in-house service including a new Housing Register the risks of service failure are minimised.

## 10. **Sustainability and Climate Change Implications**

10.1 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.

## 11. **Key Decision Information**

11.1 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.

## 12. **Earlier Cabinet/Committee Resolutions**

12.1 Cabinet decided in July 2019:

- (i) That the Newcastle Housing Advice (NHA) Service Contract for a 3 year contract be retendered with an option to extend for a further 3 years subject to satisfactory performance and funding.
- (ii) That Executive Director (Resources and Support Services) and Section 151 Officer in conjunction with the Portfolio Holder for Community Safety and Wellbeing be 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 Newcastle under Lyme Borough Council – Decisions taken by the Cabinet on Wednesday, 10 July 2019 Agenda Item No Topic Decision 3 and award the contract to the successful contractor.
- (iii) That the requirement of the successful contractor to work with the Council to develop the service delivery in future years of the contract be supported.
- (iv) That the Executive Director (Resources and Support Services) and Section 151 Officer in conjunction with the Portfolio Holder for Finance and Efficiency be 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.

13. **List of Appendices**

- 13.1 Detailed information on the tender costs are considered as confidential because it is likely that there will be disclosure of exempt information as set out in part 1 of schedule 12A of the Local Government Act 1972, Paragraph 3.

14. **Background Papers**

- 14.1 None.