

CABINET

8 April 2014

Title: Provision of Private Sector Licensing Services	
Report of the Cabinet Member for Housing	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Ken Jones, Divisional Director of Housing Strategy	
Accountable Director: Darren Henaghan, Corporate Director of Housing and Environment.	
Summary The Council currently contracts with 11 property agents for the provision of Private Sector Licensed properties for use as temporary accommodation for homeless households in accordance with statutory duties pursuant to Part VII of the Housing Act 1996 (as amended). The 11 property agents currently manage approximately 890 properties on behalf of the Council. The current contract expires on 30 April 2014. This report outlines the proposal to retender the contract.	
Recommendations The Cabinet is recommended to: (i) Approve the proposals to procure a new contract for the provision of Private Sector Licensed properties for use as temporary accommodation for homeless households as detailed in the report; (ii) Approve the extension of the current contract for the provision of Private Sector Licensed properties up to a maximum of six months or the commencement of the new contract, whichever is the sooner; and (ii) Authorise the Corporate Director of Housing and Environment, in consultation with the Cabinet Member for Housing and the Head of Legal and Democratic Services, to award the contract on conclusion of the procurement process.	
Reason(s) To assist the Council to achieve its priority to 'Create thriving communities by maintaining and investing in new high quality homes'. To comply with the Councils obligation to find temporary accommodation to homeless residents of the borough.	

1. Introduction and Background

- 1.1 The Council has to provide temporary accommodation for households to whom a duty has been established under Part VII (homeless duties) of the Housing Act 1996 (as amended). The Council has to source a variety of accommodation to ensure a sufficient supply to meet the needs of homeless households. This includes the Council's own stock that has been decanted, other flatted general needs stock, Council-owned hostels, privately-owned bed and breakfast accommodation and private sector rented property let on license, referred to as PSL.
- 1.2 The current temporary accommodation portfolio consists of 1140 units of accommodation as described above of which PSL provides approximately 840 units, supplied by 11 contractors. The current contract expires on 30 April 2014.

2. Proposed Procurement Strategy

- 2.1 **Outline specification of the works, goods or services being procured.**
This contract is for the provision of temporary accommodation. The Council seeks to engage with leasing agents to provide the service of linking private sector landlords with the Council.
- 2.2 **Estimated Contract Value, including the value of any uplift or extension period.**
Based upon current spend the contract value is likely to be circa £60m
- 2.3 **Duration of the contract, including any options for extension.**
4 years + 1 year possible extension
- 2.4 **Is the contract subject to the (EU) Public Contracts Regulations 2006? If Yes, and contract is for services, are they Part A or Part B Services.**
Yes - These are currently Part B services
- 2.5 **Recommended procurement procedure and reasons for the recommendation.**
An open OJEU process is recommended which shall result in contracts with several providers. This will ensure full compliance with the Public Contract Regulations and best practice. The contracts will be flexible and allow the Council to maximise potential supply to cover peaks in demand.
- 2.6 **The contract delivery methodology and documentation to be adopted.**
- 4 + 1 year multiple supplier contract(s)
 - Prices based upon fixed term Local Housing Allowance (LHA) rates
 - Contract specification has been drafted following benchmarking process against other London Borough contracts. LB Barking & Dagenham Terms and conditions of contract shall apply.
 - Improved termination and resupply clauses included
 - Flexibility in terms of property selection mechanism

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

Prices are based upon LHA rates so savings are not expected. The anticipated outcome of the contract is to have a wider supply of accommodation available and a contract with improved terms that puts the Council in a stronger position in terms of guaranteeing supply.

On completion of the tender process the approved contract will satisfy the Council's main procurement criteria;

- Value for money for provision of PSL properties.
- Price certainty
- Control on spend
- Compliant contract
- Consolidated invoicing if required
- Business processes set by the Borough.

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

Insurances and finances will be assessed to make sure the operators are suitable. The contract itself is prescriptive - suppliers must agree to work in the way we want and allocate properties as the contract stipulates.

2.9 How the procurement will address and implement the Council's Social Value policies.

This service is likely to benefit landlords within the borough as they will be receiving guaranteed rent payments for their properties. Social value is otherwise not applicable to this contract.

3. Options Appraisal

3.1 The PSL contract is one strand of a comprehensive approach to the provision of temporary accommodation. This is an existing long term procurement contract as opposed to dynamic spot purchasing. We have considered alternative procurement options such as regional consortiums however this has been ruled out as it does not represent long-term value for money. This approach is adopted by all London Boroughs and is the only contractually and regulatory compliant method. The contract has been amended to include best practice utilised by other London Boroughs.

3.2 As part of a wider strategy options for stemming new demand are being explored, such as the Council setting up a Social Letting Agency to secure property directly from private landlords to prevent homelessness.

4 Equalities and other Customer Impact

4.1 This contract shall replace the current arrangement and shall therefore have no impact on customers. Constituents currently residing in PSL properties will continue to do so. This procurement is needed to make sure the agreements with the agents that provide PSL accommodation is legally compliant.

5. Other Considerations and Implications

5.1 Risk and Risk Management

Risk	RAG	Mitigation
Lack of supply		Contract widely advertised and excess volume sought, incentives included
Contract/service cost		Contract prices based on LHA rates, incentives for re-lets and strong contractual terms included. Demand cannot be influenced. PSL is significantly cheaper than Emergency accommodation, so increased supply and use of PSL accommodation reduces overall housing spend.

5.2 **Safeguarding Children** - Families with children should not be placed in bed and breakfast accommodation unless there are no alternatives and only then for no longer than 6 weeks. Maximising the supply of PSL properties by awarding a new tender will allow the continuation of the current process, and selects as many Agents as possible to maximise the supply of accommodation to minimise the use of bed and breakfast. This will ensure that vulnerable families and single parents with young children will also spend less time in Emergency accommodation if supply of PSL is increased.

5.3 **Health Issues** - Providing PSL accommodation should help to reduce the prevalence of mental health and other health issues which are associated with Homelessness and emergency accommodation.

6. Consultation

6.1 The proposals in this report have been considered and endorsed by the Corporate Procurement Board.

7. Corporate Procurement

Implications completed by: Francis Parker, Procurement Category Manager

7.1 This contract will be in full compliance with EU procurement regulations. Due to the nature of this contract, this procurement does not seek to reduce costs. The aim is to ensure contractual compliance, with strong contractual terms and an increased supply of accommodation to the council (which will reduce reliance on more costly B&B provision).

8. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

8.1 Temporary accommodation costs the Council £14m per year with £10m spent on accommodation in PSL. It is essential that the service is able to utilise this type of accommodation rather than increasing reliance on alternative, more expensive, types such as Bed and Breakfast.

9. Legal Implications

Implications completed by: Daniel Toohey, Principle Corporate Solicitor.

- 9.1 Due to the impact of the Welfare Reforms, there remains an increased need to have available provision of housing stock to satisfy legislative responsibility.
- 9.2 The Council will need to ensure that the requirements of the Public Contracts Regulations 2006 are met; Legal Services and procurement officers will be on hand to advise and assist in this regard. The lead officer has detailed the services as Part B which refers to a service which is exempt from the full requirements of competitive tendering; nevertheless as set out within this report a procurement exercise will be carried out in order to deliver value for money and price certainty.

Background Papers Used in the Preparation of the Report: None

List of appendices: None