

Report to CABINET

Approval of Temporary Accommodation Framework

Portfolio Holder:

Councillor Amanda Chadderton, Leader of the Council and Cabinet Member for Housing and Regeneration

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27th February 2023

Reason for Decision

To seek approval from Cabinet to award and to enter into contract with each of the successful bidders for the Temporary Accommodation Framework (following on from the recent Temporary Accommodation tender).

Executive Summary

The Council's Temporary Accommodation (TA) Strategy was approved by Cabinet in October 2021. Consequently, this put the accompanying delivery plan into motion and the first priority was to develop a TA framework to help the Council deliver sustainability and cost-efficiency to the Council's TA portfolio.

Given the demand for TA and associated costs of managing a compliant statutory service, the identified service requirements were separated into three lots, including sub-lots for additional clarity.

The procurement exercise was administered in accordance with the Council's Contract Procedure Rules (CPR) incorporating the Public Contract Regulations 2015 and the successful procurement exercise motivates the recommendations set out in the report namely, to appoint the successful bidders under Lot 1 & 3 frameworks.

Recommendations

It is recommended that Cabinet;

- Approve the appointment, under a framework agreement of each of the successful bidders detailed in this report to the relevant Lots in ranked order following completion of a compliant procurement exercise
- Approve contract mobilisation and the placement of subsequent call-off contracts at the end of a 10-day standstill period
- Approve a further tender exercise to successfully procure contractors under a framework arrangement to meet the service requirements pertaining to Lot 2

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Cabinet

27th February 2023

Approval of Temporary Accommodation Framework

1 Background

1.1 In October 2021 the Council approved its inaugural Temporary Accommodation (TA) Strategy 2021-24. The accompanying delivery plan committed to conducting a procurement exercise to create a TA framework to increase housing supply and deliver housing repairs and maintenance to TA dwellings.

1.2 Following the approval of the strategy, further work commenced to develop detailed tender documents to help progress priorities of the delivery plan and support the development of a TA framework.

1.3 Based on qualitative and quantitative assessments of the Council's TA needs, three service requirements have been identified and have been categorised into three separate lots:

- Lot 1 – A framework of providers that could help increase the Council's supply of nightly paid accommodation for a range of property sizes broken down within the following sub-lots:
 - Lot 1.1 – Bedsit accommodation
 - Lot 2.1 – One Bedroom accommodation
 - Lot 2.3 – Two Bedroom accommodation
 - Lot 2.4 – Three Bedroom accommodation
 - Lot 2.5 – Four bedroom accommodation
- Lot 2 – A framework of reputable contractors that could undertake housing repairs and maintenance work on the Council's TA stock. The type of contractors required were set out in the following sub-lots:
 - Lot 2.1 – Building and Joinery work
 - Lot 2.2 – Plumbing, Heating, Gas and Boiler work
 - Lot 2.3 – Electrical work
 - Lot 2.4 – Clean and Cleanse
 - Lot 2.5 – Painting and Decorating
- Lot 3 – A housing supplier framework which is also described as a private sector lease (PSL) framework. Bidders for Lot 3 could range from traditional Registered Social Landlord (RSL) to property investors and consultants. The overall objective and desired outcome is delivery of suitable dwellings that the Council could take a short, medium or long-term leasehold interest in for the purpose of providing much needed self-contained and family sized TA. The Council has not negotiated any bespoke leases with bidders just yet, this process will be progressed following contract award and prior to the identification and on-boarding of suitable dwellings. Should the

Council agree to this it will enter into an agreement whereby it agrees to pay a guaranteed monthly rent in accordance with proposed lease terms irrespective of whether the property is occupied or vacant, similar to the existing TA dwellings currently under lease between the Council and First Choice Homes Oldham for example.

- 1.4 The tender documents were published on the Chest Portal on 9th September 2022 and bids were to be returned by 12pm 10th October 2022. The 4 weeks' period granted bidders sufficient time to compile detailed submissions to support a competitive tender process.
- 1.5 The most notable shortfall of the tender exercise was that only a single bid was received for Lot 2, specifically Lot 2.3 – Electrical Work. As a result, the decision was taken not to evaluate Lot 2 on this occasion, instead take the opportunity to market again to cultivate additional bids and stimulate a more competitive process.
- 1.7 Given the interest received from Lots 1 & 3, a panel consisting of Housing and Procurement colleagues proceeded to evaluate all the responses received for Lots 1 & 3. The below graphic illustrates the evaluation criteria that the panel assessed bids against.

Criteria	Lot Assessed Against	Weighting
Quality	Lot 1 – Nightly Paid Provision Framework	40%
	Lot 2 – Housing Repairs and Maintenance	20%
	Lot 3 – Private Sector Leasing – Supply of Residential Dwellings	90%
Social Value	All	10%
Price	Lot 1 – Nightly Paid Provision Framework	50%
	Lot 2 – Housing Repairs and Maintenance	70%
		Total 100%

Fig.2

- 1.8 The award criteria for Lot 1; Price (50%) and Quality (40%) and enlisted weightings were intended to filter through providers that understand the nuances of providing nightly paid accommodation and the unique expectations that accompany this sort of provision. The Council has a number of vulnerable households, particularly single people that need higher levels of supervision and support. Hence, the opportunity emphasised the need to produce a framework of providers that could not only deliver quality housing, but more importantly, had the capability to also provide quality housing management.
- 1.9 Though immaterial for this particular exercise, Lot 2 was heavily weighted towards Price (70%). A detailed pricing schedule, widely acceptable and recognised standards of workmanship in the sector helped determine the weighting for Quality (20%). Social Value (10%) rounded out the scoring criteria for Lot 2.

- 1.10 The approach taken for Lot 3 was to increase the supply of self-contained dwellings and help the Council meet a growing demand for family and self-contained accommodation. It was considered beneficial to place an emphasis on Quality (90%). Therefore, bidders had to explain how their processes and methods would help them deliver outcomes – for the purpose of Lot 3, outcomes were clearly identified as supply of suitable dwellings.
- 1.11 In order to achieve a high quality score, bidders were expected to demonstrate a robust and fundamentally sound approach for identifying, acquiring and consequently providing properties to the Council on leasehold terms. Social Value (10%) rounded out the scoring criteria for Lot 3.

2 Current Position

- 2.1 Following detailed and thorough evaluation and moderation meetings, the evaluation panel were able to successfully rank bidders for Lot 1 and Lot 3.
- 2.2 There is sufficient reassurance that the provider Contractor solutions will remain competitive for the duration of the contractual term and ultimately help the Council deliver its strategic aims and objectives. Also, the solutions will ensure the Council continues to meet its statutory obligations.
- 2.3 If approved, existing systems and processes in place would enable swift mobilisation on the Council's part. Moreover, robust planning is already underway to ensure the Council is able to capitalise on the opportunities available through the tender such as, the delivery of a sustainable and cost-effective TA portfolio.
- 2.4 Subject to approval to enter into framework agreements, contractors will be monitored against key performance measures with the aim of maintaining high standards of service delivery across the board.

3 Options/Alternatives

- 3.1 The four options are:
- 3.2 Option 1 – Do not approve the appointment of the successful bidders under Lot 1 and Lot 3 onto the respective framework agreements and conduct another procurement exercise.
- 3.3 Deferring the appointment of successful bidders to the proposed framework agreements would delay the prospect of bringing online more suitable, sustainable and cost-efficient TA during a time of significant homelessness pressure. Maintaining the status quo would limit the Council's ability to provide essential services to vulnerable residents in Oldham.
- 3.4 Option 2 – Approve the appointment of each of the successful bidders under a framework agreement for Lot 1 and Lot 3 in the order of ranking and authorise the Council to enter into call-off contracts under the respective framework agreements as and when required.
- 3.5 Proceeding with option 2 would increase the Council's ability to bring online longer-term and sustainable accommodation which would help reduce the usage of hotel/B&B accommodation and associated reactive spend.
- 3.6 Option 3 – Approve the appointment of each of the successful bidders to Lot 1 only and defer the appointment of successful bidders to Lot 3. This will allow time for the Council to explore self-delivery of Council owned dwellings in bulk.

- 3.7 Proceeding with option 3 would also be in alignment with the Council's strategic objectives. This particular approach has proved to be successful via the Empty Homes Scheme which enabled the Council to acquire and refurbish dwellings that are currently in use under a license.
- 3.8 Option 4 - Approve the appointment of each of the successful bidders to Lot 1 only, immediately halt all further progress in respect of Lot 3 indefinitely and promptly commit necessary resource to self-delivery – whereby the Council purchases dwellings directly at market value on an invest to save basis.
- 3.9 Notwithstanding past successes, self-delivery through acquisition and refurbishment has been achieved at relatively small scale. Therefore, it would be more beneficial to explore or pursue an invest to save model in parallel with Lot 3 and allow sufficient time and resources to be deployed for self-delivery.

4 Preferred Option

- 4.1 Option 2 is the preferred option. Selecting this way forward would put the Council in the desirable position of meeting its statutory obligation while simultaneously delivering sustainability and efficiency to the TA portfolio.

5 Consultation

- 5.1 All relevant stakeholders have been consulted with regards to the TA strategy and its associated delivery plan. This includes elected members and the Senior Leadership Team.

6 Financial Implications

- 6.1 As outlined above, the Council currently pays a premium price for access to nightly paid premises. Current suppliers can charge a premium price given the immediate access required and the inability of the Council to plan towards such circumstances.
- 6.2 The approval of this tender exercise, specifically for Lot 3, will allow the Council increased access to a portfolio of suitable premises and at a more cost-efficient price, by guaranteeing a monthly lease rent that is cheaper than hotel/B&B and nightly paid accommodation whether the dwelling is occupied or vacant.
- 6.3 Deferring the appointment of successful bidders to the proposed framework agreements would delay the prospect of bringing online more suitable, sustainable and cost-efficient TA during a time of significant homelessness pressure. Maintaining the status quo would limit the Council's ability to provide essential services to vulnerable residents in Oldham.

(John Hoskins)

7 Legal Services Comments

- 7.1 Provided the procurement process has been completed in accordance with Contract Procedure Rules, incorporating the Public Contract Regulations, under the management of the Commercial Procurement Unit, and provided framework agreements and call-off contracts are put in place largely in the advertised form and in accordance with legal

advice, where required, there are no known legal implications to the proposed recommendations.

Sarah Orrell – Commercial & Procurement Solicitor

8. **Co-operative Agenda**

- 8.1 Appointing the successful bidders to the agreed frameworks would ensure the Council continues to deliver suitable and quality housing to Oldham's most vulnerable resident. (Jonathan Downs)

9 **Human Resources Comments**

- 9.1 None

10 **Risk Assessments**

- 10.1 The Council has to balance reducing its current cost for temporary housing which at present show the numbers of people requiring accommodation increasing, against committing to long term lease payments on Lot 3 which if numbers substantially reduce in the future have the potential to be not required.

(Mark Stenson)

11 **IT Implications**

- 11.1 None

12 **Property Implications**

- 12.1 The recommendations made in this report are supported on the basis that they contribute to the Council's strategic objective for temporary accommodation. In respect of Lot 3, lease acquisitions must be carried out in accordance with the Land and Property Protocol and in consultation with the Property and Corporate Estates Teams. (Bryn Cooke)

13 **Procurement Implications**

- 13.1 The Commercial Procurement Unit supports the recommendations outlined in the report. The tender process has been carried out compliantly in line with the Public Contract Regulations 2015. Regarding the lot 2 re-tender, procurement will support the Strategic Housing team in reviewing options and the subsequent tender process. (Emily Molden)

14 **Environmental and Health & Safety Implications**

- 14.1 None

15 **Equality, community cohesion and crime implications**

- 15.1 None

16 **Equality Impact Assessment Completed?**

16.1 None. The recommendations in this report seek to increase the supply of suitable housing to help the Council deliver its statutory obligations.

17 **Key Decision**

17.1 Yes.

18 **Key Decision Reference**

18.1 ESR-02-23

19 **Background Papers**

19.1 The TA strategy that was ratified by Cabinet in October 2021 also approved a recommendation to undertake a procurement exercise to develop a TA supply framework.

File Ref: HSG-13-21

Name of File: Temporary Accommodation Strategy 2021-24

Records held in: Oldham Council Constitutional Services

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20 **Appendices**

20.1 None.