

Report of the Managing Director

Housing Options Service

1 Purpose of report

- 1.1 To advise members of the results of the market engagement in relation to the housing options service, and seek agreement on how the service is delivered. To consider the ways in which the council can deploy the homelessness mitigation fund.

2 Executive summary

- 2.1 At 21 March 2018 resources committee members requested that officers explore further a joint procurement option, and other joint working options, and provide a report on the costs and implications for staff and service delivery.
- 2.2 At 2 May 2018 resources committee members approved a soft market test for the outsourcing of the housing options and homeless service and requested officers provide a report to the 13 June 2018 resources committee with the results of the market engagement, with indicative costs for agreement on the future service delivery model.
- 2.3 There were two responses to the prior information notice [PIN] from national housing associations expressing an interest in a procurement of housing options services, one for both LOTs and one for East Northamptonshire Council only.
- 2.4 The council has set aside a capital budget of £725,000 to assist with initiatives which will be part of the council's plan to reduce the cost of homelessness within the borough. Options for the use of these monies are attached as an appendix.

3 Appendices

- Appendix 1: PIN response - market engagement
Appendix 2: Cost of the housing options service and future staffing
Appendix 3: Business case – option analysis for use of capital homeless mitigation fund to reduce temporary accommodation placements

4 Proposed action:

Members are invited to RESOLVE to:

- 4.1 **Agree a joint procurement with East Northamptonshire Council, and put in place temporary staffing resources funded from reserves or;**
- 4.2 **Agree that the council continue to provide housing options services, and seek to recruit up to 3 officers, funded from reserves, the decision on the financing of which will be delegated to the Leader and Managing Director, following a full service review.**
- 4.3 **Determine the most appropriate use of the capital funding for homeless mitigation.**

5 Background

- 5.1 On 21 March 2018 at resources committee members received a report which identified the budget pressures of the increasing temporary accommodation placements, service costs and staffing concerns.
- 5.2 On 2 May 2018, at an additional resources committee, members received a further report which explored the joint procurement option further, and other joint working options, and provided information on the costs and implications for staff and service delivery. It was agreed officers should commence a soft market test to explore the appetite of external housing organisations to engage with the council to deliver housing options services in the future, and the likely costs and services that could be provided.

6 Discussion

- 6.1 A prior information notice was issued on 8 May 2018 by Welland Procurement Unit through the government contract finder website to seek open early engagement on a procurement idea in the early stage of development and to judge interest from potential suppliers.
- 6.2 The PIN advised that East Northamptonshire Council would be publishing procurement for its housing services including homeless services, housing advice and choice based lettings. The PIN also advised that procurement may be a joint procurement with Borough Council Wellingborough on a 2 LOT basis but that this would not be finalised until members had assessed whether this was acceptable.
- 6.3 The market engagement closed on 31 May 2018 and the council received one expression of interest for both LOTS from a national housing association but there was limited information provided, with no detail on costs, staffing and service delivery (appendix 1). A further expression of interest was received, but the organisation was interested only in a LOT for East Northamptonshire.
- 6.4 The market engagement has not provided the level of information required to analyse the appetite of the market and what can be achieved. We are advised by Welland Procurement that a low response level to PIN is not

necessarily indicative of potential responses to a tender; however without this information to provide to members we are unable to provide an officer recommendation for procurement; officers therefore seek a decision from members as to which approach to take to deliver future housing options services.

- 6.5 Should members wish to continue with procurement the report to resources committee on 2 May 2018 advised of the timetable for procurement with East Northamptonshire, with potential staffing resources and an outline specification. There were also included costs of the current service and these have been included again at appendix 2.
- 6.6 If members are minded to explore the procurement route further there would be no commitment to enter into a contract should the outcome of the tender process be unsatisfactory from a financial or other point of view.
- 6.7 Until the outcome of the procurement is known the service will require additional temporary staffing resources in order to cope with the level of demand.
- 6.8 Should members wish to retain the service additional officer capacity will be required to reduce the cost of temporary accommodation placements and find alternative housing solutions, including enabling new homes. There is likely to be a requirement for a further 3 temporary/permanent officers, the costs of which will need to be met from reserves (appendix 2). A full review of the service will also be undertaken to ensure that the additional capacity is directed to the higher risk areas, such as reducing the costs to the council of using emergency and temporary accommodation and delivering the council's mitigating homelessness capital fund at appendix 3.
- 6.9 Appendix 3 sets out options for the use of the capital fund which is intended to mitigate homelessness; members' views are requested on which would be the best approach(es). Officers' recommendation is to buy-in bed and breakfast accommodation and remodel for temporary accommodation and also acquire open market units, potentially including buying back ex-council houses available through the open market and leasing them as temporary accommodation.

7 Legal implications

- 7.1 The council's procurement unit has facilitated the PIN and provided advice in respect of a joint procurement with East Northamptonshire Council. Both legal and procurement advice will be required for any procurement the council decides to progress. They will prepare the draft tender documentation including all the necessary contractual arrangements.
- 7.2 The council will continue to use both procurement and legal services as they currently use them for a retained service. Further procurement and legal advice is likely for the mitigating homelessness options, depending on the route members determine.

8 Financial and value for money implications

- 8.1 Implications for finance and value for money were unable to be quantified from the market engagement information. Procurement would, therefore be a risk without knowing the appetite of the market and whether it could deliver the service the council needs; there is however the option for the council to decide not to contract with any of the bidders. Assuming that it was possible to recruit additional resources, there would be more cost certainty if the council were to review housing options services, seeking to provide additional officer resource to manage the escalating costs of homelessness.

9 Risk analysis

- 9.1 The risks in relation to homelessness have been rehearsed in the previous reports to resources committee. As stated above the risks relating to procurement are unknown, but are likely to be increases in costs; without a detailed analysis of information through the soft market test it is not possible to quantify the risks. Therefore the retention of the service provides a known, but high, risk to authority.

10 Implications for resources

- 10.1 A tender process will require significant input from the council's senior management team and senior housing officers, as well as external resources such as Welland Procurement and District Law. TUPE implications will be in full consultation with staff concerned.
- 10.2 Continuing to provide the service in house will require leadership and senior management team support to review the service. Senior officers will be required to manage the complexity of cases, reduce costs and seek alternative solutions to expensive emergency and temporary accommodation options.

11 Implications for equalities and communities

- 11.1 The full implications for equalities and communities will be considered as part of writing a specification or reviewing the retained service, with the primary aim being to ensure that all customers can access a service which meets their needs. A housing plan and homelessness strategy will be developed this year which will set out the council's vision for its communities, and access to them.

12 Author and contact officer

Vicki Jessop, Assistant Director

13 Consultees

Senior Management Team
Clare Ellis, Welland Procurement Unit
Helen Edwards, District Law
Yolande Morgan, Unison
Lorraine Coleman, Human Resources

14 Background papers

<https://www.contractsfinder.service.gov.uk/Notice/66956c21-cb57-44a5-9626-1203e82c5b60>

APPENDIX 1

Tender For Housing Services (Homelessness, Housing advice and Choice Based Lettings)

The PIN has been issued ahead of a proposed procurement of the above named service by East Northamptonshire Council. There is potential for Borough Council Wellingborough to join this procurement although that decision has yet to be finalised.

The detailed specification for the service is still being developed but in the meantime the Councils have some areas where they would appreciate information and input from the market. Please be aware that the information you provide may be used in finalising procurement documentation but there will be no advantage (intended or actual) for those who have responded to this PIN and no disadvantage (intended or actual) for those who haven't in the final procurement process.

The current contract for East Northamptonshire covers the following volume of work during 2017:

- 157 homeless applications of which 78 were accepted as owed the full duty
- 286 homelessness preventions
- 1,397 housing advice cases
- 315 properties advertised and nominated to through Choice Based Lettings

This work is covered by 6.6 FTE members of staff.

The current contract for Borough Council Wellingborough covers the following volume of work during 2017/18:

2017/18 data for BCW	
Homeless applications	306
Homeless acceptances	213
Use of temporary accommodation (total number of placements by household)	271
Average length of stay in emergency and temporary accommodation (days)	62
Homeless prevention and relief	84

Housing register applications	1230
Number of adverts	316

This work is covered by 5.5 FTE members of permanent staff and 2.0 FTE additional staff who are grant funded until 2020.

Please be aware that these volumes are subject to fluctuation and are not a guarantee of the volume of work through a new contract.

We would be grateful if you could complete the following short questionnaire and return it to Clare Ellis (Head of Welland Procurement at cellis@melton.gov.uk by **31st May 2018**).

Number	Question	Response
1	Name of Organisation	Withheld
2	Address of Organisation	Withheld
3	Contact details for the person completing this form	Withheld
4	Please indicate which lot(s) you may be interested in bidding for	Lot 1: East Northamptonshire <input type="checkbox"/> Lot 2: Borough Council Wellingborough <input type="checkbox"/> Both Lots <input checked="" type="checkbox"/>
5	The Councils are considering an initial contract term of 3 years with 2 possible extension periods of 2 years each. Do you have an opinion on whether this is a suitable contract term? Please bear in the mind the local authority structural changes in Northamptonshire when answering this question	Yes, we believe this is a good term
5	The Councils would be interested in having an indicative annual cost for the	We cannot provide an indicate cost at this stage

	provision of a like for like service	
6	Are there any specific services that you would like to see included in the Contract?	Full Housing Management
7	Are there any specific services that you would like to see excluded from the Contract?	Not at this stage
8	Are there any additional comments you would like to make?	

Appendix 2

Cost of the housing options service and staffing levels

Current service costs

Table 1 - Housing options service budget excluding staffing costs (to be finalised for year end 2017/2018)

Recruitment	£1,278
Car Allowances	£4,970
Public Transport	£126
Equipment, Furniture & Materials	£64
Services	£813
Communications & Computing	£7680
Total	£14,931

These are direct costs and do not include the indirect costs of management, human resource, accountancy, ICT and accommodation. The total budget including staffing costs is **£259,043**.

Table 2 - Housing options service staffing levels and salary costs (budget 2017/2018)

Current Staff	Number of officers	Full Time Equivalent for housing options work	Total FTE	Salary costs 2017/2018
Team leader *	1	0.8	0.8	£26,437
Housing options officer	4	1.0	4.0	£138,235
Housing options officer (2-year fixed term)	2	1.0	2.0	£65,062
Housing Assistant	1	0.7	0.7	£14,378
Total	8	3.5	7.5	£244,112

*Officer promoted into team leader post

This is the existing staff establishment for the housing options service which includes two posts funded by homelessness grant for two years and the housing assistant role which provides over 50% of the role to delivering housing options.

Table 3 shows the costs to the council of providing staff which are not budgeted for and will need to be met from reserves. The total cost of retaining the service in house is estimated to be **£341,944**

Table 3 – The anticipated number of staff and salary costs

Current Staff	Number of officers	Full Time Equivalent	Total FTE	Salary costs 2018/2019
Team leader	1	0.8	0.8	£38,758
Housing options officer	4	1.0	4.0	£140,175
Housing options officer (2-year fixed term grant funded by govt)	2	1.0	2.0	£58,020
Housing Assistant	1	0.7	0.7	£17,961
Additional 3 staff for frontline and service demands within the establishment	3	1.0	3.0	£87,030
Total	11	4.5	9.5	£341,944

Appendix 3

Temporary Accommodation Mitigation Capital Fund – Business Case

Option analysis for use of capital homeless mitigation fund to reduce temporary accommodation placements

Options

The options considered are outlined below. The definitions of the timescale are:

- Short-term: 6 months to one year
- Medium-term: 1-2 years
- Long-term 2-5 years

In terms of housing need, the housing register (as at 24 May 2018) includes 301 applicants (45%) seeking one-bed units and 362 applicants (55%) seeking two or more-bed units. The homelessness duties place more responsibilities around family households including a longer duration of stay within temporary accommodation.

Given the need for temporary accommodation units, this report assumes medium term delivery would be the minimum duration acceptable.

Average Property Prices in Wellingborough 2018

Property type	Average house price
Detached	£333,237
Semi-detached	£201,705
Terraced	£166,086
Flats/maisonettes	£109,812
All properties	£212,154
Annual change for all properties	+9.3%

(Source: UK House Price Index – February 2018 figures. Accessed May 2018)

Current market is buoyant but could be volatile.

Option A: Utilising the council's estate/asset portfolio

This option involves the opportunity to consider council-owned assets such as the flats over the shops and residential units. Progression of the option could involve a range of property types with variable need for re-modelling.

Delivery Potential/ Timescale	Total units provided	Costs	Risks to Council
Medium to long term, most options longer	Circa 4 homes	Variable – major costs of re-	Timing of completed units in addressing

term		modelling	current priorities; Re-design is bespoke for individual units impacting on early deliver
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'Pros'	'Cons'
Makes better use of those council assets which are currently lesser performing	Would restrict potential use of Council assets for commercial and income opportunities
	Re-modelling and refurbishment work would mean early outcomes would not be achieved
	The likely dispersed profile of the stock would be more difficult and costly to manage
	The location of units above shops and in highly visible places could be unsustainable given the high turnover of TA and the support that could be necessary
No costs in purchasing units	Costs of planning and procuring refurbishments

Option B: Acquiring open market units, potentially including buying back ex-council houses available through the open market

Option B could involve buying back ex-Council-owned properties across the Borough. Typically properties in this market would be on former Council estates and similar properties would be social rented properties of Wellingborough Homes or properties bought through right to buy or a right to buy re-sale e.g. units on the Hemmingwell estate. The option could also involve buying open market properties that are also within the Borough.

Delivery Potential/ Timescale	Total units provided	Costs	Risks to Council
Short term	3-4 units	These vary but typically range from below average price to average price per property type.	Financial – ongoing maintenance costs of older stock with varying design.

'Pros'	'Cons'
Properties are available on the market so relatively fast outcomes can be secured	
Properties are supported by good infrastructure and relative proximity to the town centre	
Management arrangements could be easier with units close to other social housing	
	Relatively higher costs of ongoing maintenance and repair than new build properties.

Option C: Buying new accommodation from private housebuilders

This option involves the purchasing of open market units on new developments across the Borough. This option sees investing at the higher end of the property market. Properties become available in tranches on one site.

Delivery Potential/ Timescale	Total units provided	Costs	Risks to Council
Short to medium term	2-3 units	These vary but typically fall above the average price per property type.	Delivery – identifying suitable properties in the right places; Higher costs reduced outcomes

'Pros'	'Cons'
Properties are becoming available on the market so relatively fast outcomes could be secured	The new build units at present are not near the town centre or easy proximity to it e.g. David Wilson Homes development in Earls Barton
	There is not a good geographical spread of new build at any point in time
	Management arrangements could be more onerous with support delivery including costs of travel.
Low maintenance and repair costs per job in early years.	The high turnover of tenants in TA involves higher maintenance costs which could be more costly in higher spec units

Option D: Buying-in bed and breakfast accommodation and re-modelling it for TA

This option involves identifying opportunities from bed and breakfast (and similar) accommodation for sale across the Borough and then re-modelling it if necessary for TA.

Delivery Potential/ Timescale	Total units provided	Costs	Risks to Council
Short-medium term	Variable – units depend on scheme provided. Minimum of 5 units.	Highly variable	Reputational – requires robust management; Delivery – market availability at the right price

'Pros'	'Cons'
Higher number of units may be achievable by buying accommodation that is relatively ready to use.	There could be costs if accommodation is identified which needs re-modelling with new layout to ensure families are not staying in inappropriate accommodation for more than six weeks, which in turn could restrict the market available.
	It may not be easy to purchase bed and breakfast accommodation.

Managing the units could be more easily packaged and delivered with tenants within one scheme.	The risk of the environmental impact (e.g. antisocial behaviour) associated with often vulnerable tenants on one site needs to be managed.
Option to utilise units to accommodate larger or smaller household sizes	

Option E: Buying-in pre-fabricated accommodation (pre-fabs), which would require land provision

This option is a dual approach involving the production and purchasing of pre-fabricated accommodation and identifying land on which the units could be located. Officers have undertaken early reviews on a number of land options which has not led to a potential opportunity. This option would require further work to achieve an outcome within the minimum criteria of medium-term delivery.

Delivery Potential/ Timescale	Total units provided	Costs	Risks to Council
Medium-long term	Variable	Cheaper versions can be built for less than £50,000 per unit excluding land	Delivery – land availability; Timing; Reputational – early sites considered could result in loss of open space; Costs – no helping reduce TA costs in short/medium-term

'Pros'	'Cons'
Modern prefabs offer flexibility and can be installed on-site quickly	Installing quickly depends on land availability and suitable options have not been identified across the Borough.
	Potential public expectations around loss of open space

Analysis of Options

Option A. Work is ongoing regarding the best use of the council's assets. There is not currently a suitable portfolio of units available to increase the range of TA options. Any activating of council assets would require renovation and refurbishment works which would be costly and not make properties available in the short term when current need is high. This option is not recommended and is our least preferred option.

Options B. These options provide an opportunity to purchase units quickly and to work locally with a registered provider or other provider to manage the properties and/or provide the support on behalf of BCW's. The units would be dispersed – but less so than new build purchase – and scheme management would be difficult. Property prices are currently

historically high across Wellingborough, but any short term risk would be mitigated by projected ongoing need for less costly units.

Option C. Buying new build accommodation has many similarities to Option B. However, given the higher unit costs and the lack of suitable new build sites at this point in time its desirability is less than Option B.

Option D. Buying-in bed and breakfast accommodation is a suitable option given the number of units potentially available and the flexibility in provision it could offer. The right accommodation needs to be available meaning any delay in this option could involve using Options B instead given the urgent need for TA provision across the Borough. This is the preferred option.

Option E. Buying-in pre-fab units and accessing land to accommodate the units. This option provides a low-cost option for purchasing units, with a challenge on identifying land opportunities. A number of sites have been considered which are either unsustainable or may need re-consideration of open space provision.

Rankings of suitability of options:

Option	Preference	Delivery Potential	Possible outcomes
A	5 th	Medium-long term	c4 units
B	2 nd	Short term	3-4 units
C	3 rd	Short-medium term*	2-3 units
D	1 st	Short-medium term*	Minimum 5 units
E	4 th	Medium term	Variable

*The faster delivery is dependent on market availability of suitable properties

