

MEETING TITLE AND DATE:

Cabinet – 7th July 2016

REPORT OF:

Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services

Agenda – Part: 1

Item: 13

Subject: Approval to Include Suppliers on a Framework to Deliver Flexible Housing

Wards: All

Key Decision No: 4292

Cabinet Members consulted: Cllr Ahmet Oykenner and Cllr Dino Lemonides

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1. EXECUTIVE SUMMARY

- 1.1 The Council has implemented a range of initiatives to respond to increasing demand for temporary accommodation.
- 1.2 In January 2016, Cabinet agreed plans to pursue “flexible, quick build housing” to secure short term, cost effective accommodation to help meet the rising demand for accommodation. It was accepted that this “flexible housing” could take a number of forms, but that the most important attributes would be that the units would be developed off-site and installed on-site quickly, temporary and relocatable. This would also enable the Council to make use of under-utilised sites. Cabinet agreed the principles for the units and site requirements to inform the procurement specification and site search.
- 1.3 In line with the unit specifications agreed by Cabinet, we sought to establish a framework to include up to eight suitably qualified providers that can deliver appropriate flexible residential accommodation solutions on a lease or sale basis.
- 1.4 An Invitation to Tender (ITT) was published on 15th April 2016, inviting prospective suppliers to respond to a single stage procurement process by 31st May 2016. This report outlines the evaluation process and the results of the evaluation.
- 1.5 Once the Framework Agreement has been established, a further, more detailed mini competition will be held for each specific site, open to suppliers on the Framework, to appoint the supplier for individual schemes. This will include quality criteria that are specific to the location and the housing need, comprising some or all of the quality criteria set out in the ITT.
- 1.6 It is proposed that the decision to award a site-specific contract will be delegated to the Cabinet Member for Housing and Housing Regeneration and Cabinet Member for Finance & Efficiency and the Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services.

2. RECOMMENDATIONS

- 2.1 To approve the award of a place on the Flexible Housing Framework Agreement to the suppliers listed in Part 2 of this report (paragraph 2.2) to commence on 1st September 2016 for a four year term.
- 2.2 To note the details of the evaluation exercise are contained in Part 2 of this report (section 3) on this agenda.
- 2.3 To delegate the decision to award site-specific contracts to the Cabinet Member for Housing and Housing Regeneration and Cabinet Member for Finance & Efficiency and the Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services.
- 2.4 To note that appropriate approval would need to be given to increase the existing capital sums agreed for Housing Gateway if the decision is taken to purchase the units.

3. BACKGROUND

- 3.1 The Council has developed strategies to increase the supply of permanent housing within its borough, however it recognises that these cannot, in the short term at least, address immediate demand, therefore it is intending to increase in the amount of short-term emergency housing it can draw on to meet its statutory homelessness duties.
- 3.2 In January 2016, Cabinet agreed the principle of providing flexible accommodation, subject to individual schemes being financially viable and providing a cost effective alternative to Nightly Paid Accommodation. The development of flexible housing will complement existing initiatives to respond to housing pressures, including the purchase and renovation of properties by Housing Gateway, development of new build units by Enfield Innovations and borough wide negotiations on the cost of Nightly Paid Accommodation (NPA).
- 3.3 The provision of flexible accommodation will provide the Authority with an alternative source of accommodation that can be used for local residents whilst offering value for money. It offers the opportunity to make use of under-utilised sites and/or sites where there are planned uses in the longer term. Flexible housing offers a number of benefits, particularly in the context of Enfield's increasing demand for housing.
 - Flexibility – the units can be moved around the borough as housing needs or site requirements change. Additional elements

can also be added or removed if the bedroom size requirements change.

- Pace – as the units are temporary structures developed off site, they can be constructed and delivered more rapidly than traditional methods of construction.
- Off-site construction – as the units are developed off-site in factory environments, the construction is less likely to be affected by adverse weather conditions therefore mitigating against delays.
- Site utilisation – the units can be designed to meet the site dimensions and stacked to optimise the use of the site. As the units are flexible they can also enable the Council to utilise a site for a temporary period, for example, if there are regeneration plans for a site in the medium term. They can also be designed to be aesthetically sympathetic to the location.

3.4 Cabinet delegated authority to the Director of Finance, Resources and Customer Services and the Cabinet Member for Finance and Efficiency [and where the sites relate to HRA land in addition Cabinet Member for Housing and Director of Regeneration and Environment], to approve the site selections for flexible housing, subject to obtaining necessary planning consents.

3.5 Two options are being considered: the Council could lease units to use as temporary accommodation or Housing Gateway could lease or purchase units that the Council could then use to discharge its statutory homeless duties or enter into a lease arrangement with Housing Gateway to use the units as temporary accommodation. The approach will be determined by the financial viability and an assessment of the risk profile of each option.

3.6 Cabinet noted that initial financial analysis indicates that a flexible housing scheme has the potential to be financially viable; however, viability is influenced by a number of variables so a robust financial model will be produced for each scheme based on accurate costs.

3.7 Cabinet also agreed the specification of the units, as follows:

- Unit size must meet minimum planning standards for temporary structures
- Each unit must have at least one bathroom
- Accommodation must meet minimum safety standards for housing
- Units require efficient heating and effective insulation
- All units must be in a reasonable state of repair with reasonably modern facilities and services (including suitable white goods)
- All units must be durable, re-locatable and adaptable if housing needs change

- Initially, priority would be given to 2 and 3 bedroom units to reflect the greatest demand
- 3.8 On this basis, and in line with the unit specifications agreed by Cabinet, the Council sought to establish a framework to include up to eight suitably qualified providers that could deliver appropriate flexible residential accommodation solutions on a lease or sale basis.
- 3.9 An Invitation to Tender (ITT) was published on 15th April 2016, inviting prospective suppliers to respond to a single stage procurement process by 31st May 2016.
- 3.10 Prior to the award evaluation process, the tenders were reviewed by the Evaluation Panel to ensure that the providers met the minimum standards outlined in the ITT.
- 3.11 Once the Framework Agreement has been established, a further, more detailed mini competition will be held for each specific site, open to suppliers on the Framework, to appoint the supplier for individual schemes. This will include quality criteria that are specific to the location and the housing need, comprising some or all of the quality criteria set out in the ITT.
- 3.12 The advantage of establishing a Framework of suppliers is that the mini competition phase of the procurement process will be shorter and allow the decision to award a site-specific contract to be made more quickly as sites are identified.
- 3.13 It is proposed that the decision to award a site-specific contract will be delegated to the Cabinet Member for Housing and Housing Regeneration and Cabinet Member for Finance & Efficiency and the Director of Health, Housing and Adult Social Care and Director of Finance, Resources and Customer Services.

4. ALTERNATIVE OPTIONS CONSIDERED

None to be considered

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Tenders received from the contractors listed in Part 2 of this Report are recommended for acceptance as their tenders achieved the highest overall combined (financial and quality) evaluation scores, in accordance with the Tender requirements.
- 5.2 The evaluation process is detailed in Part 2 of this report.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 Please see Part 2 Report
- 6.1.2 Once a site has been approved, a mini competition will take place between the suppliers on the Framework. Bids received as part of this process will be subject to financial evaluation to ensure they meet the business case criteria for the site. This will include an analysis of whether a leasing or purchasing option is most appropriate. Any decision to award a site-specific contract will require agreement from the relevant Cabinet Members and Directors.
- 6.1.3 If the decision is taken to purchase the units, it will be necessary to ensure that the cost will be contained within the existing capital sums agreed for Housing Gateway. If not, appropriate approval would need to be given to increase this.
- 6.1.4 The anticipated framework start date is 1st September 2016. The framework will be subject to continuous review.

6.2 Legal Implications

- 6.2.1 On the basis that the procurement process to first of all compile, and then populate the Flexible Housing Framework Agreement with the prospective suppliers (as noted in the Report), has been carried out in accordance with the applicable procurement law as advised, there should be negligible if any risk to the Council in awarding a place on the Framework Agreement to the suppliers as proposed.

6.3 Property Implications

- 6.3.1 The use of temporary relocatable modules provides an opportunity for sites where there is no prospect of Planning consent for permanent housing, or as a 'meantime' use for sites where there are longer term plans for other development.
- 6.3.2 The use of factory manufactured units provides the potential for better quality control and fewer defects than if they were constructed on site.
- 6.3.3 Where units are leased, all maintenance should be provided by the supplier. If the units are to be purchased, then all necessary documentation, such as Operation and Maintenance Manuals, Logbook, Health & Safety File, etc. must pass to the council so that proper maintenance arrangements can be put in place.
- 6.3.4 While the modules themselves are proposed to be relocated to other sites or returned to the supplier once the intended short term use has ended, each site specific scheme will additionally require additional works, comprising of; applied cladding to meet

Planning requirements, groundworks, bespoke access structures, utilities connections, etc., which together will be a significant proportion of the overall investment and will not be recoverable. This will need to be factored in to each scheme viability appraisal.

6.3.5 There will be removal costs at the end of each period. If the modules have been purchased there will be storage and double-handling costs if a new site is not immediately available.

6.3.6 It may not be economically viable to adapt previously purchased modules to suit the number of bedrooms required to suit a new scheme.

6.3.7 The extent of time saving, compared with the construction of permanent housing by traditional methods, will depend upon prior determination of the specification, and the extent of bespoke site works required for each scheme. Schemes will be subject to normal democratic and statutory approvals processes, and completion dates will be critically dependent upon the utilities providers.

7. KEY RISKS

7.1 Challenge received prior to award - The evaluation criteria are transparent and clear guidance was provided to bidders on how their bids will be evaluated. Any challenges will be robustly defended and considered by Legal.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

Flexible housing will provide value for money accommodation on an emergency basis that is of a high quality and fully accessible to those who meet the qualifying criteria for Temporary Accommodation.

8.2 Growth and Sustainability

The quality evaluation criteria includes the environmental performance of the units and the materials included in their construction, ensuring that we maintain a clean, green, sustainable environment.

8.3 Strong Communities

The Council will work in partnership with providers to ensure that all flexible housing sites are a safe and healthy place to live.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 Comprehensive Predictive Equalities Impact Assessments will be carried out for each site specific scheme before implementation. All of the suppliers on the Framework were required to meet minimum criteria set out in the ITT in relation to Equalities.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 There are no implications at this stage. Once contracts are awarded following mini competitions on a site-specific basis, performance will be managed through robust contract management.

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 Schemes will be subject to the Construction (Design and Management) Regulations 2015, which clearly allocate specific obligations to all parties, who must be competent to undertake their role/s.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 Good housing stock is crucial to the health of the population. Not only does good housing stock reduce the risk of respiratory illness due to damp, mould and cold conditions and reduce the risk of accident due to structural defects, but good housing is well insulated and easy to keep warm reducing the risk of poverty.
- 12.2 It has been estimated that poor housing costs the NHS at least £600 million per year and there is likely to be considerable cost to local authorities arising from care costs due to worsening ill-health and accidents such as hip fracture aggravated by poor housing.
- 12.3 Poor housing can lead to poor mental health due to e.g. loneliness and stress and can affect the educational attainment of children due to difficulties accessing education and poor health affecting attendance. This in turn can contribute to poverty upon reaching adulthood due to poor educational qualifications.
- 12.4 If flexible housing is sited close to transport links and schools, it can alleviate some of the problems associated with poor housing such as anti-social behaviour, difficulties accessing transport to work and difficulties accessing schools.
- 12.5 Flexible housing can be a solution to address immediate rise in demand of housing. It can be a cost effective alternative to some other types of temporary housing such as Nightly Paid Accommodation (NPA) and thus can cater for bigger demand with similar investment. The specification will also meet the Council's minimum standards for residential accommodation thus will have positive impacts on health in the short-term for those who have poor housing described above or unsafe accommodation. However this should only serve its original

purpose of temporary housing and must not facilitate the creation of an isolated or segregated area or group of socially removed community.

Background Papers

None