

**Report of Head of Housing Partnerships**

**Report to Director of Environments and Housing**

**Date: 17<sup>th</sup> October 2014**

**Subject: Procurement Options for the “Required Services” to the Empty Homes Purchase Programme 2015-2018**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

The Council is seeking to buy 100 empty properties between 2015 and 2018 following a successful smaller scheme purchasing 20 empty homes and converting 2 Community Centres into council housing in 2014/15

There are a range of services required to complete a purchase and these are most notably – A property valuation, a repairs valuation, negotiation of sale, property conveyancing and other legal works related to a purchase and a 1999 rental valuation. These services are known as the “required services” for the procurement exercise.

The services referred to above have been delivered “in-house” in the 2014 scheme. However, given the scale of the 2015/18 scheme and its likely impact on “in-house” services it is thought that a better approach would be to “buy-in” these services so as not to negatively impact on existing “in-house” services.

**Recommendations**

The Director of Environments and Housing is asked to agree to the use of the Yorconsult Framework to secure the “required services” to facilitate the buyback of 100 privately owned properties between April 2015 and March 2018.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to obtain the Director of Environments and Housing's approval to use the YORCONSULT Framework to secure the "required services" to facilitate the buyback of 100 privately owned properties between April 2015 and March 2018.

## **2 Background information**

- 2.1 In 2014, the Council set aside £1.813m from its Housing Revenue Account (HRA) and secured Homes and Community Agency (HCA) funding of £440k to buy 20 empty properties to be used as council housing and to convert 2 community centres into council housing.
- 2.2 The scheme has proved extremely successful with 17 properties having been agreed to be bought as at 31<sup>st</sup> August 2014 and planning permission granted on the conversion of the Community Centres.
- 2.3 As a result the Council decided to make a much larger bid to the HCA for funding under the 2015-2018 Affordable Housing Programme. A successful bid was made for £2m HCA funding supported by £7m HRA funding to purchase 100 empty properties to be used as council housing and to convert one Community Centre into council housing.
- 2.4 A significant part of the purchase process is to agree a valuation for the property, to estimate the refurbishment costs, negotiation on the purchase value, conveyancing and other legal works and a 1999 rental valuation. All of these works have been carried out "in-house" in the 2014 programme. However, given the scale of the 2015-18 programme it was has been agreed that in order not to cause significant disruption to internal services a procurement exercise will be undertaken to obtain an external contractor. The "in-house" services have provided a "required services" brief for a Procurement exercise.

## **3 Main issues**

- 3.1 Advice on the procurement options has been sought from PPPU and the proposal from them is attached at Appendix 1.
- 3.2 A range of procurement options have been considered for the "required services" and the advantages and disadvantages of each option have been assessed. The Council is able to call off from the WYLAW conveyancing services lot. The Council is also able to call-off services under the YORCONSULT Framework for valuation related works.
- 3.3 A soft marketing exercise was undertaken with the 8 companies on the WYLAW Framework. One company indicated previous experience in Newcastle, two companies were interested in the conveyancing wok but were not interested in managing a valuer and five companies did not respond.

- 3.4 The administrator of the Yorconsult Framework was contacted and the Council was allowed to speak to Capita who confirmed their interest and willingness to manage the legal inputs.
- 3.5 The Council is currently spending about £600 per property on the “required services”. From the consultation outlined above the costs are likely to be in the region of £800. It is anticipated that efficiencies can be made due the scale of the exercise. In addition it is proposed to seek to incentivise bidders within the tender documentation by setting clear performance targets.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Procurement advice has been sought from the Council’s Procurement Service within PPPPU. “In-house” services have provided a “required services” brief.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no equality and Diversity / Cohesion and Integration issues.

### **4.3 Council policies and City Priorities**

- 4.3.1 The Empty Homes Purchase Programme supports a key Council priority to reduce the number of empty homes in the city. The procurement of the “required services” will be carried out under the Council’s Procurement Policy.

### **4.4 Resources and value for money**

- 4.4.1 The resources from the programme are split between £7m from the Council’s HRA and £2m from HCA funding. The programme will be managed from within the Single Housing Growth Team.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 None

### **4.6 Risk Management**

- 4.6.1 Each procurement option has been assessed against advantages and disadvantages. The Programme will be managed through the Council Housing Growth Programme Board and risk will be assessed within that Board.

## **5 Conclusions**

- 5.1 The 2014 Empty Homes Purchase Scheme has been extremely successful. On the strength of this a successful bid was made to the HCA’s Affordable Housing Programme for 2015-18.
- 5.2 The “required services” have been delivered very effectively “in-house” for the 2014 programme. However, delivering a programme with increased scale could

have a detrimental impact on those internal services. There, it is considered that procuring the “required services” is the best option.

- 5.3 The Council has two frameworks, WYLAW and Yorconsult, from which it can carry out a mini procurement exercise. Having conducted a soft marketing exercise of the WYLAW Framework and spoken to the top of the list contractor on the Yorconsult Framework, it is considered that use of the Yorconsult Framework is the best option.

## **6 Recommendations**

- 6.1 The Director of Environments and Housing is asked to agree to the use of the Yorconsult Framework to secure the “required services” to facilitate the buyback of 100 privately owned properties between April 2015 and March 2018.