

Report of Head of Housing Partnerships

Report to Director of Environment and Housing

Date: 24th April 2015

Subject: Appointment of Empty Homes: Valuation, Negotiation and Conveyancing Contractor (the “Procurement”)

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: 10.4(3) Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. 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. The services relating to buying back empty properties have been delivered “in-house” to date, however given the scale of the 2015/18 scheme and its likely resource impact on “in-house” services, it was concluded that a better approach would be to “buy-in” these services so as not to negatively impact on existing “in-house” services.
2. The Council has therefore sought to procure the appointment an external contractor to undertake 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 the “**Required Services**”.
3. The procurement exercise was undertaken by way of mini-competition under the Yorconsul framework agreement (Lot 19).
4. Three tender submissions were received. One tender did not achieve the minimum quality thresholds and was therefore excluded from the evaluation. Of the other tenders, both were relatively close from a quality perspective, however one of the tenders was significantly ahead in the price evaluation.
5. As per the evaluation methodology, the Council met with the leading bidder following the initial evaluation in order to interview the bidder. No amendment was made to

scores following the interview, and following limited clarification of the contract drafting, the Council is now in position to finalise the evaluation and appoint Capita as the contractor.

Recommendations

6. It is recommended that the Director:

6.1. Note the outcome of the Procurement evaluation; and

6.2. Agree to the appointment of Capita as the contractor to provide the Required Services (and other ancillary services).

1 Purpose of this report

- 1.1 The purpose of this report is to obtain the Director of Environments and Housing's approval to the appointment of Capita as the contractor to provide the Required Services and other ancillary services.

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 31st 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 valuations for the property (pre and post any necessary refurbishment works), 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, in October 2014 the Director agreed to that, in order not to cause significant disruption to internal services, the Procurement would be undertaken to obtain an external contractor for the Required Services.
- 2.5 Tenders were invited from Lot 19 of the Yorconsult framework, and three tenders were received.

3 Main issues

- 3.1 As noted above, three tenders were received. During the evaluation of the tenders in accordance with the evaluation methodology detailed in the tender instructions, one tenderer did not achieve the minimum quality thresholds. While there were a number of minor issues with tender, the most significant issues was the lack of clarity in the submission as to who would be undertaking the conveyancing and other legal aspects of the Required Services, who the key personnel would be in such regard and how they would work within the wider team. This bidder was therefore excluded from the evaluation.
- 3.2 Of the other tenders, both were relatively close from a quality perspective. The second place bidder overall scored marginally more strongly than the successful bidder, submitting a clear proposal, with well considered pro-forma control sheets, a strong local knowledge and strong CVs from key personnel. From a quality perspective the successful bidder (Capita) provided a clear methodology for

undertaking the Required Services, had previous experience of dealing with similar projects, provided strong CVs from key personnel, and demonstrated a particularly joined up approach with internal legal advisors. Of limited concern was that the bidder was not based in Leeds and may therefore not have local knowledge.

3.3 From a price perspective, the bidder failing to meet the quality thresholds was not evaluated. Of the other two bidders, Capita scored significantly higher than the second placed bidder, with a greater than 5% difference in the price scores for the two.

3.4 Further detail as to the evaluation scores for each of the bidders is contained within the confidential appendix to this report.

4 Corporate Considerations

4.5 Consultation and Engagement

4.5.1 Prior to commencing the Procurement, in-house service providers were consulted as to their capacity to provide the Required Services. Procurement advice has been sought from the Council's Procurement Service within PPPPU. "In-house" services have provided a "Required Services" brief.

4.6 Equality and Diversity / Cohesion and Integration

4.6.2 There are no equality and Diversity / Cohesion and Integration issues.

4.7 Council policies and City Priorities

4.7.3 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.

4.8 Resources and value for money

4.8.4 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.

4.9 Legal Implications, Access to Information and Call In

4.9.5 The Procurement was a call-off from the Yorconsult framework in accordance with the Council's Contracts Procedure Rules, the Yorconsult framework call-off process and the overriding general procurement principles of fairness, openness and transparency.

4.9.6 The decision to appoint Capita as contractor is an administrative decision, and is not subject to call-in.

4.9.7 The Appendix to this report is confidential pursuant to Access to Information rule 10.4(3), given that it contains the prices and evaluation scores for each of the tenderers, and which therefore relate to the financial or business affairs of each of

the tenderers. Keeping this information confidential also relates to the business affairs of the Council, where the disclosure of such information could damage confidence in the Council's procurement processes. Consequently, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4.10 Risk Management

- 4.10.8 The 2015/18 Programme will be managed by Environments and Housing officers. The contract incorporates regular monitoring and reporting, controls on how valuations and purchase negotiations are undertaken, and a number of milestones to be achieved. Any failure to achieve such milestones may give rise to the termination of the agreement.
- 4.10.9 Contract management will be supported by regular reporting through the Council Housing Growth Programme Board and risk will be assessed within that Board.

5 Conclusions

- 5.1 The conclusion of the Procurement evaluation has resulted in a clear winning tenderer. The appointment of Capita as contractor shall enable the Council to progress the buying back of Empty Homes, which supports the related key Council priority.

6 Recommendations

It is recommended that the Director:

- 6.1 Note the outcome of the Procurement evaluation; and
- 6.2 Agree to the appointment of Capita as the contractor to provide the Required Services (and other ancillary services).

7 Background documents

- 7.1 Report of the Head of Housing Partnerships to the Director, entitled "Procurement Options for the "Required Services" to the Empty Homes Purchase Programme 2015-2018" and dated 17th October 2014.