

# Policy and Sustainability Committee

10.00am, Thursday, 23 July 2020

## Award of Housing Consultancy Framework Agreement

Executive/routine	Routine
Wards	All
Council Commitments	1

### 1. Recommendations

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- 1.1 It is recommended that the Policy and Sustainability Committee:
- 1.1.1 approves the award of the Housing Consultancy Framework Agreement to three Service Providers; Arneil Johnston, Indigo House Group and ARK Consultancy Limited; and
  - 1.1.2 approves the commencement of the Framework Agreement on 1 September 2020 for an initial period of three years, with the option to extend for up to a further 12 months (undertaken at the sole discretion of the City of Edinburgh Council), at an estimated total value of £1,140,000.

**Paul Lawrence**

Executive Director of Place

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## Award of Housing Consultancy Framework Agreement

### 2. Executive Summary

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- 2.1 This report seeks approval to award the Housing Consultancy Framework Agreement to Arneil Johnston, Indigo House Group and ARK Consultancy Limited, to commence on 1 September 2020 for an initial period of three years with the option to extend for up to a further 12 months (undertaken at the sole discretion of the City of Edinburgh Council), at an estimated total value of £1,140,000.

### 3. Background

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- 3.1 The Council has an ambitious strategy to deliver new homes, invest significantly in existing stock and transform services for customers, which is outlined in the Housing Revenue Account (HRA) Budget Strategy. The HRA aims to deliver a £2.5 billion investment over ten years in building and improving Council homes to deliver Council commitments on affordable housing and net zero carbon by 2030 and is based on the following three priorities to:
- 3.2.1 expand and accelerate the development of affordable and low-cost housing;
  - 3.2.2 continue to modernise existing Council homes and neighbourhoods; and
  - 3.2.3 transform front line services to tenants to tackle inequality and reduce their cost of living.
- 3.2 To support this strategy, this Framework Agreement will provide access to housing consultancy services to carry out specialist studies to support the delivery of a range of projects being taken forward across the housing service. The Framework will be structured across five main areas, set out below:
- 3.2.1 Housing Strategy and Policy Development;
  - 3.2.2 Housing Asset and Property Management;
  - 3.2.3 Housing Financial Management and Business Planning;
  - 3.2.4 Customer Engagement; and
  - 3.2.5 Training and Procedure.

- 3.3 This specialist support with a focus on innovation and learning from best practice elsewhere. This support will be used as and when required and will provide information and support which the Council could not normally access, for example:
- 3.3.1 Data and modelling for assessing future housing need and demand;
  - 3.3.2 Knowledge and understanding of digital innovations to support housing service delivery, including developing a digital strategy for housing asset management;
  - 3.3.3 Developing innovative options for future regeneration and development and, for example, for temporary and sheltered accommodation. This will include developing innovative funding solutions;
  - 3.3.4 Providing benchmarking and best practice information;
  - 3.3.5 Supporting improvements to enable the Council to better understand tenant satisfaction and support the development of a new tenant satisfaction strategy; and
  - 3.3.6 Providing training for Council teams on tenant capacity building and tenant relationship customer service as well as business plan modelling.

## **4. Main report**

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- 4.1 A Prior Information Notice (PIN) was issued on 22 January 2020 on Public Contracts Scotland to inform the market of the opportunity and to understand the marketplace through a questionnaire. A total of 20 service providers expressed interest in this Framework at that time and nine service providers responded to the questionnaire.
- 4.2 Commercial and Procurement Services (CPS), in conjunction with the service area undertook a full Official Journal of the European Union (OJEU) tender exercise. On 20 March 2020, the Council published a Contract Notice under Open Procedure, as set out in the Public Contracts (Scotland) Regulations 2015, with a tender submission deadline of 15 May 2020. The requirement was published for an extended period of time to enable service providers who may have staff shortages during COVID-19 to respond.
- 4.3 A cost/quality ratio of 40%/60% was applied to encourage competitive hourly rates and to ensure that the quality was of a high standard. To further protect the quality element a minimum quality threshold of 60% was applied, with the Council having discretion to disqualify service providers who did not achieve this threshold.
- 4.4 A total of 22 service providers expressed interest in the Contract Notice and tenders were received from nine service providers.
- 4.5 A summary of tendering and the tender evaluation process is attached at Appendix 1 and the outcome is at Appendix 2.
- 4.6 When utilising ranking, the Council will allocate business to the highest-ranking service provider first. If that service provider does not have capacity to take the business the next highest-ranking service provider will be offered the business and

so on. On occasion the Council may, at their sole discretion, choose to allocate business by undertaking a mini competition amongst all three service providers on the Framework.

## **5. Next Steps**

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- 5.1 Subject to approval, the Framework Agreement will commence on 1 September 2020 for an initial period of three years with the option to extend for up to a further 12 months (undertaken at the sole discretion of the Council).
- 5.2 The Housing Service will ensure that effective contract management is delivered throughout the lifecycle of the Framework Agreement.

## **6. Financial impact**

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- 6.1 The Framework Agreement value is estimated at £1,140,000 over the contract period.
- 6.2 To encourage competitive hourly rates a cost ratio of 40% was established and hourly rates will be fixed for the duration of the contract.
- 6.3 The total of the Pricing Schedule from Arneil Johnston is 16.78% below the average of all nine Pricing Schedule Submissions.
- 6.4 Based on the total anticipated Framework Agreement value of £1,140,000, this could lead to savings of approximately £191,292 over the contract period.
- 6.5 The costs associated with procuring this Framework Agreement are estimated to be between £10,000 and £20,000.

## **7. Stakeholder/Community Impact**

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- 7.1 Benchmarking information was sought from other Councils and resulted in several responses. Consultation and engagement with potential service providers was undertaken in the form of a questionnaire published on Public Contracts Scotland.
- 7.2 The recommended service providers have committed to the provision of Community Benefits. The benefits to be delivered will be agreed at contract commencement and monitored throughout the life of the contract by the contract manager. The recommended service providers on the Framework Agreement also answered the questions on Sustainability and Fair Works Practices satisfactorily.
- 7.3 All three recommended service providers confirmed that they intend to pay workers (including any agency or sub-contractor workers) the real Living Wage.
- 7.4 The Framework Agreement recommended for award is compliant with procurement regulations and the Contract Standing Orders. The risk of legal challenge relating to contractual arrangements for the provisions of this service is thereby reduced.

## **8. Background reading/external references**

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8.1 None.

## **9. Appendices**

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Appendix 1 – Summary of Tendering and Tender Evaluation Process

Appendix 2 – Outcome Tender Evaluation Process

## **Appendix 1 – Summary of Tendering and Tender Evaluation Process**

<b>CT2538 - Housing Consultancy Framework Agreement</b>	
Contract Period	1 September 2020 for an initial period of three years with the option to extend for up to a further 12 months (undertaken at the sole discretion of the Council)
Estimated Contract Value (including extensions)	£1,140,000
Procurement Route Chosen	Open Procedure
Tenders Returned	Nine
Name of Recommended Service Providers	Arneil Johnston Indigo House Group ARK Consultancy Limited
Cost / Quality Split	40/60
Questions	Q1 The Team (35%) Q2 Delivery of the Contract (30%) Q3 Contract Management (10%) Q4 Data Protection (5%) Q5 Community Benefits (5%) Q6 Business Continuity (5%) Q7 Sustainability (5%) Q8 Fair Work Practices (5%) Q9 Fair Work Management Information (N/A)
Evaluation Team	Council Officers from the Housing Service

## Appendix 2 – Outcome Tender Evaluation Process

<b>CT2538 - Housing Consultancy Framework Agreement</b>			
<b>Service Provider</b>	<b>Quality Score (60%)</b>	<b>Cost Score (40%)</b>	<b>Total Score (100%)</b>
Arneil Johnston	54.00	35.96	89.96
Indigo House Group	43.50	39.64	83.14
ARK Consultancy Limited	48.75	33.06	81.81
Service Provider 4	50.25	30.87	81.12
Service Provider 5	44.25	36.15	80.40
Service Provider 6	36.00	40.00	76.00
Service Provider 7	37.50	37.71	75.21
Service Provider 8	42.00	27.25	69.25
Service Provider 9	46.50	14.46	60.96