

HomeBuy Agents Competition Prospectus



THE NATIONAL AFFORDABLE HOMES AGENCY



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Foreword

In June 2008 the Housing Corporation commissioned an independent evaluation of the role of HomeBuy Agents (HBAs). In undertaking this research the Corporation wanted to establish the effectiveness of HBAs in the National Affordable Housing Programme (NAHP) delivery chain from the point of view of customers, grant recipients and other key stakeholders.

Results from the research demonstrated a very high satisfaction rating among HBA customers: some 84% of a sample of affordable home ownership applicants reported they were either satisfied or very satisfied with the overall service they received from HBAs, and 97% said that the product they were matched with met their current and future needs. Additionally, key stakeholders also rated the performance of Local HomeBuy Agents as good.

This positive evaluation of HBAs in the low-cost home ownership delivery chain confirms earlier comments by the National Audit Office and the Public Accounts Committee about the power of the one-stop-shop concept. It also recommended some tightening of our performance management of HBAs which is reflected in this prospectus.

This prospectus is the first step towards selecting HomeBuy Agents for the period from 1 April 2009. For the first time, the competition is open to organisations other than housing associations; confirming the Housing Corporation's commitment to the mixed economy of providers.

To enable new arrangements to be in place for April 2009, the Corporation is launching the HomeBuy Agents competition which brings together functions previously commissioned separately by the Corporation and English Partnerships. It also brings together competitions for the National and the Local HomeBuy Agent role. However, the competition will conclude after 1 December 2008, when the investment functions of the Housing Corporation will have passed to the Homes and Communities Agency.

This is a challenging time for housing and for the intermediate market in particular. We have recently introduced new products – such as HomeBuy Direct and Rent to HomeBuy – to respond to the current environment. In doing so, we recognise that the role of HomeBuy Agents – providing impartial information to customers about options, making sure that Government support is targeted and ensuring that home ownership will be sustainable – has never been more important.



Steven Douglas
Chief Executive
Housing Corporation

Purpose of this prospectus

1. This prospectus sets out the framework for two competitions.
2. First, to appoint a network of Local HomeBuy Agents throughout the nine regions of England to:
 - deliver the one-stop-shop service for all HomeBuy products from 1 April 2009 onwards;
 - provide information to potential purchasers about their range of intermediate market options;
 - to assess potential applicants and determine whether or not they qualify for government assistance via a HomeBuy product; and
 - to establish whether applicants can afford to sustain home ownership in the long term.
3. The detail of the Local HomeBuy Agent role is set out in Part 1 of this prospectus and in the pre-qualification questionnaire.
4. Second, to appoint a National HomeBuy Agent to deliver post-sales services for HomeBuy Direct, the First Time Buyers' Initiative (FTBI), the London Wide Initiative and, potentially, any similar housing options that the Homes and Communities Agency introduces during the contract period.
5. A National HomeBuy Agent was first appointed by English Partnerships under the FTBI to carry out the after-sales services of administering partial and full repayment of the charge; to collect fees payable on the equity loan once these become due; and to respond to general enquiries from purchasers.
6. We are seeking to continue with this role, both in relation to FTBI and the more recently launched HomeBuy Direct initiative.
7. The detail of the NHBA role is set out in Part 2 of the prospectus and the pre-qualification questionnaire.

Part 1: Local HomeBuy Agents

8. The role of Local HomeBuy Agents (HBAs) is to:

- assess all applicants for the Homes and Communities Agency's (HCA) suite of affordable housing products (including applicants referred by registered social landlords (RSLs) and developing partners) against both eligibility and affordability criteria;
- help applicants with home ownership assistance to think about their housing options including, wherever possible, options which are not funded by grant and rental options;
- provide information about all grant-funded schemes direct to applicants on the waiting list;
- provide developing RSLs and other investment partners with lists of eligible applicants interested in their schemes. This relationship will be governed by a service level agreement, which individual Local HBAs will be responsible for managing with grant recipients in their zone of operation;
- administer initial sales for FTBI and HomeBuy Direct;
- build effective local relationships with housing providers within the area of operation, including with local authorities; and
- provide monitoring information as required by the HCA.

9. These key responsibilities are set out in more detail below:

Eligibility assessment

10. Local HBAs will assess an applicant's eligibility for assistance against criteria set by the HCA, Communities and Local Government (CLG) and, where relevant, local authorities and/or regional assemblies and the Mayor of London.

11. The timely processing of applications is a vital task. Potential Local HBAs will be required to demonstrate how they propose to achieve prompt assessment of applications.

12. Bidders should note that the HCA will establish a baseline for the timely processing of applications as part of the contract against which Local HBAs will be performance monitored. Local HBAs failing to meet standards will potentially relinquish the exclusive right to process applications within a given geographical zone. This would take effect once the HCA have advised the Local HBA that grant recipients (organisations providing low cost home ownership or intermediate market housing with funding from the HCA) have the freedom to utilise another Local HBA for the purpose of carrying out eligibility checks, for such period that the HCA would determine. Grant recipients will then be able to nominate another LHBA within the same region (with the agreement of the HCA) as an alternative for carrying out the processing of applications.

In the case of FTBI and or HomeBuy Direct, where an applicant is referred to an alternative Local HBA for their assessment, that Local HBA shall be entitled to process an applicant's full purchase process and receive the appropriate fee.

Affordability assessment

13. HBAs will advise applicants wishing to purchase a property within an LCHO scheme to seek independent financial advice from a Financial Services Authority regulated independent financial advisor. Where appropriate the HomeBuy Agent can refer applicants to a nominated panel of independent financial advisors.
14. In determining an applicant's eligibility for particular schemes Local HBAs will assess the household income for each applicant and determine the types of LCHO schemes applicants are eligible to be put forward for based on the requirements of the Capital Funding Guide.
15. Local HBAs will be required to carry out a headline affordability assessment to determine whether applicants can afford and sustain home ownership long term. As part of this assessment it is a requirement of the Capital Funding Guide that all Local HBAs must use an affordability calculator or methodology of comparable standard. The Housing Corporation has devised an affordability calculator which

is available to download from its website at: www.housingcorp.gov.uk

Helping people consider their housing options

16. Local HBAs will be responsible for raising general awareness of the various LCHO and intermediate market schemes and should provide appropriate information to achieve this. The HomeBuy Agent shall also, where reasonably practicable, ensure they are aware of the non-grant-funded low-cost housing schemes for sale and rent within their zone – including, in London, working with the Greater London Authority and HCA as necessary to develop the Mayor's First Steps housing scheme and work to make information on non-grant schemes available to enquirers.
17. The HBA will be responsible for providing information about the types of LCHO schemes available. It will be targeted at people who qualify, for example social tenants, taking into account applicant priorities as determined by the HCA, CLG, the relevant local authorities and the Regional Assemblies and the Mayor of London. HBAs will need to pay particular attention to meeting a qualifying person's property and support needs including compliance with the relevant disability discrimination and race relations legislation.
18. All applicants should be sent an application form within a stated time period. All applicants held on the database should be contacted at

least six-monthly to ensure that their details are current and asked if they wish to remain registered. Grant recipients must provide standard application forms (provided by their HBA) to applicants who enquire as a result of their own marketing. Local HBAs will maintain their website in accordance with the HCA's reasonable requirements. Grant recipients will be responsible for uploading and maintaining LCHO scheme details onto the HBA's website (or providing details to enable the Local HBA to do so) and Local HBAs will maintain and ensure the effective operation of this requirement.

19. Local HBAs will also have mechanisms in place to ensure that people with long-term disabilities are helped including through links in place with specialist home ownership for people with long-term disabilities scheme providers. All such information will include details of the HomeBuy Agent's enquiry line number and the relevant website address.

Approach to the provision of information

20. The Local HBA will be responsible for raising general awareness of the various grant-funded LCHO schemes, RSL and non-RSL organisations receiving public funding, that is Social Housing Grant or Financial Assistance to come once the Homes and Communities Agency activates its payment powers, Grant recipients will remain responsible for scheme-specific marketing (ie their own LCHO schemes). In the event of low demand, it will be the responsibility

of the grant recipient to generate sufficient applications. The Grant Recipient will need to provide applicants with the relevant Local HBA's application form. Application forms will be returned to the HBA by the applicant for registration and to be assessed against eligibility criteria.

21. LHBAs will be required to make available information about the range of low cost home ownership schemes available to qualifying applicants and provide details (where reasonably practicable) to such applicants of these low cost home ownership schemes available for sale and rent within a given geographical zone. This can include the use of awareness raising through road shows or visits to targeted employers and other means to disseminate information to attract eligible applicants.
22. LHBAs will facilitate access to the service through as many mediums as possible including maintaining an up to date web presence. LHBAs will be required to maintain and ensure the effective operation of a telephone enquiry line in accordance with reasonable HCA requirements. The LHBA will be required to ensure that it includes any centrally devised branding and/or logos required by the HCA on any literature/ advertisements used to provide information about the LCHO schemes.

Working with grant recipients

23. Grant recipients will request lists of eligible applicants for their LCHO scheme from Local HBAs. Grant recipients can reasonably make as many requests for lists as they require. Local HBAs will be required to enter into a service level agreement with individual grant recipients delivering schemes in their zone of operation. Local HBAs are responsible for drawing up and agreeing Service Level Agreements with Grant Recipients delivering grant funded LCHO schemes in their zone of operation. The purpose of the service level agreement is to govern the day-to-day working relationship between the Local HBA and the grant recipient. The agreement is intended to cover the sale or letting of properties in all LCHO schemes developed or procured by the grant recipient. This does not apply in the case of developers delivering the First Time Buyers and HomeBuy Direct initiatives.

24. Local HBAs will be expected to provide grant recipients with a report for the developing organisations to demonstrate how information has been provided to potential applicants in order to support the sale of affordable home ownership schemes. Typically, reporting will be expected to cover local authorities within the given zone of operation.

Administering FTBI and HomeBuy Direct

25. Following identification of a property under the FTBI scheme or HomeBuy Direct scheme which the applicant intends to purchase, the Local HomeBuy Agent will:

- provide appropriate authority on behalf of the agency to the applicant and the developer to proceed with the sale of the property (based on applicant eligibility and affordability checks);
- monitor the sales of properties under the FTBI scheme or HomeBuy Direct scheme (as applicable) and to confirm to the Agency that the appropriate FTBI equity loan or HomeBuy Direct equity loans has/have been secured over the individual property; and
- liaise with and provide reasonable assistance to the Agency and any agent appointed by the agency for the purpose of monitoring and administering any FTBI equity loan and/or HomeBuy Direct equity loans secured over properties on any FTBI or HomeBuy Direct scheme following the sale of such properties to eligible applicants.

Building local relationships

26. A vital component in success of the one-stop-shop approach has been the effective relationships that the Local HBAs have been able to develop. It will therefore be critical that prospective Local HBAs can engage (or

establish and maintain effective working relationships) with regional and local stakeholders, particularly (but not limited to) local authorities, choice-based lettings, strategic local partnerships, developing organisations, Regional Housing Boards and local employers to ensure effective targeting of assistance to eligible groups.

Performance monitoring

27. Local HBAs will be required to keep and maintain such information as the HCA shall specify for as long as the HCA deems necessary but in any event for a minimum period of six years. In addition, the HBA will provide all necessary assistance to enable the HCA to monitor the HBA's performance of its obligations.
28. In addition to performance monitoring, Local HBAs will be required to provide promptly, in response to a request from the HCA in confidence, appropriate information which could reasonably be considered to facilitate the monitoring of the HBA's performance.
29. The Local HBA will procure that its authorised representative and such other key personnel as are requested by the HCA attend such contract review meetings as the HCA may reasonably require. The meetings will operate as a forum to review compliance with the specification and the key performance indicators specified in the contract and will involve an assessment

of such matters as the HCA and/or the HBA considers appropriate.

30. Performance monitoring shall consist of compliance with the key performance standards in respect of each zone and the other items contained in the performance report. As part of the performance report, the HBA will also be responsible for completing monitoring returns for the HCA, detailing the breakdown of applications received and their status in the process, together with such information as may reasonably be required by the HCA. In the event the HBA is operating in more than one zone, a performance report will be completed in respect of each zone in which the HBA is acting.
31. Within ten days of the end of each month, the HBA will be required to complete a performance report for each zone of operation and the HCA will assess compliance with the contract specification against specified key performance standards during the preceding month.

Bidding organisations (who is eligible?)

32. For the 2006-07 and 2007-08 funding periods, the invitation to bid to become Local HBAs was restricted to registered social landlords. A key driver for this decision was the link between the Local HBA role and the delivery of Open

Market HomeBuy. Now that the delivery of the Open Market HomeBuy product no longer rests with the Local HBAs, we have decided to open up the competition to a wider group of providers beyond our existing housing association partners.

33. This Local HBA competition and that for the National HBA will be open to a broader set of providers beyond housing association partners to include local authorities and private sector organisations.
34. In opening up the competition to a wider group of providers we want to promote increased competition and efficiency amongst Local HBAs. An expanded competition will make the delivery of the HomeBuy Agency role consistent with our policy of opening up our market for investment to a mixed economy of providers.

TUPE

35. Organisations bidding to become LHBAs should be aware that in the event that they are successful and are selected to deliver the HBA service in a zone, there are legal binding obligations which will apply, meaning that certain staff of existing LHBAs are likely to transfer to the new LHBA, with their employment rights protected by legislation.
36. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246), referred to as TUPE 2006, are the main piece of legislation governing the transfer of an undertaking, or part of one, to another. TUPE 2006 is designed to protect the rights of employees in a transfer situation, enabling them to enjoy the same terms and conditions, with continuity of employment, as formerly. TUPE 2006 entirely replaces the Transfer of Undertakings (Protection of Employment) Regulations 1981 (SI 1981/1794) which have often been referred to as the TUPE regulations.
37. TUPE applies to what are known as ‘relevant transfers’, which may occur in a wide range of situations. The two broad categories are business transfers and service provision changes. Some transfers will be both a business transfer and a service provision change.
38. A service provision change will take place when there is a re-tender of an existing contract, as is the case here. For the purposes of TUPE 2006, therefore, tenderers should be aware that the appointment of new LHBAs is likely to constitute a relevant transfer.
39. This means that employees who, as their main role, currently work on the LHBA services in each zone – ie those employees who are “assigned” to the re-tendered service – are likely to transfer to the new LHBA if the transfer would otherwise mean that their employment would be terminated. It is

therefore likely that all employees working on the current service as their main role will automatically become employees of the successful tenderer by operation of TUPE 2006.

40. Tenderers, therefore, need to take this into account when preparing their bid. Such employment would continue on the employees' existing terms and conditions, and the successful tenderer would be required to recognise their existing continuous service. Similarly, any obligations and liabilities associated with these employees would automatically transfer to the successful tenderer. Tenderers should, therefore, ensure that such liabilities and obligations are accounted for in their tender price.

Local HBA zones (areas of operation)

41. The 37 zones of operation for the Local HBAs are drawn up essentially on sub-regional (English county) lines. These zones will not change for the duration of the 2008-11 National Affordable Housing Programme.
42. However, we will score bids that seek to offer LHBA services for more than one zone and potentially across regions more highly. This is a key assessment criterion, including in London where a pan-regional approach and/or co-operation between sub-regional agents will be strongly encouraged. Bidders seeking to provide services for just a single zone will need

to demonstrate how they will provide their service within wider regional arrangements, including how they will work with other LHBA's appointed in that region.

East Midlands

Northamptonshire
 Leicestershire (including Leicester)
 Lincolnshire (including Rutland)
 Nottinghamshire (including Nottingham)
 Derbyshire (including Derby)

East of England

Hertfordshire
 Essex
 Bedfordshire and Cambridgeshire (including Fenland and Peterborough, Forest Heath and St Edmundsbury)
 Norfolk and Suffolk (except Forest Heath and St Edmundsbury)

London

North
 East
 West
 South East
 South West

North East

Tyne and Wear and Northumberland

Tees Valley and County Durham

North West

Merseyside

Greater Manchester

Lancashire

Cumbria

Cheshire

South East

Hampshire

Kent

Sussex

Surrey

Berkshire and Oxfordshire

Buckinghamshire and Milton Keynes

South West

Peninsula – West Cornwall HMA, Plymouth HMA,
Polycentric Devon & Cornwall, Torbay HMA,
Exeter HMA and Taunton HMA

South East – Bournemouth and Poole HMA,
Weymouth and Dorchester HMA, Salisbury HMA
and South Somerset and West Dorset HMA

North – West of England HMA, Swindon HMA,
Gloucester & Cheltenham HMA

West Midlands

Staffordshire (including Stoke) and Shropshire
(including Telford)

Wolverhampton, Walsall, Dudley, Birmingham,
Sandwell and Solihull

Worcestershire and Herefordshire

Coventry and Warwickshire

Yorkshire and Humberside

North Yorkshire and Humberside

West Yorkshire

South Yorkshire

Payments to LHBAs

43. The payment for the service of Local HBAs will comprise:
- a fixed fee payable on a quarterly basis to reflect the information provision, general enquiry handling and advisory role of the Local HBAs. These fees will be scaled to reflect the zones covered and will be based principally on the amount of activity expected to be generated by New Build HomeBuy completions. A set of proposed fees is set out in table 1 below. Note that this sets a maximum fee and part of the competition will be based on offering a lower fee. This fee will rise annually by RPI. Fee levels for future years (beyond 2009-10) will be calculated on the same basis (ie forecast New Build HomeBuy completions but, to ensure consistency, fee changes between years will be limited to +/- 10% of the previous year's fee); and
 - an additional fee for each FTBI and HomeBuy Direct (HBD) purchase completion payable at £1,500 per completion.
44. We propose to pay the fixed fee quarterly (in advance) and pay transaction fees for FTBI on evidence of completion, payment monthly in arrears. For HomeBuy Direct, we will pay on evidence of purchase completion, ie when completions are entered onto our IMS system, an individual transaction fee will become payable.
45. To help organisations assess the commercial viability of providing the service in advance of bidding we have set out (i) our proposed maximum fixed fee for each zone, and (ii) forecast levels of completions for both HomeBuy Direct and the First Time Buyers Initiative for each region. Bidders should note that the forecasts for HomeBuy Direct and FTBI are indicative only.
46. If VAT is deemed to apply, it is considered to be included in this figure
47. The contract period for the Local HBAs will be two years with the flexibility for the HCA to renew contracts for one year annually for a total of five years.

Table corrected 6/11/08. This version supersedes table published in the original prospectus.

Region	LHBA zone	Maximum 2009-10 fee (£)
East Midlands	Derbyshire (including Derby)	60,189
	Leicestershire (including Leicester)	94,800
	Lincolnshire (including Rutland)	146,400
	Northamptonshire	140,400
	Nottinghamshire (including Nottingham)	88,800
	East Midlands total	530,589
Eastern	Bedfordshire and Cambridgeshire (including Fenland and Peterborough, Forest Heath and St Edmundsbury)	752,182
	Essex	277,800
	Hertfordshire	220,433
	Norfolk & Suffolk (excluding Forest Heath and St Edmundsbury)	218,325
	Eastern total	1,468,740
London	East zone	1,320,261
	North zone	318,974
	West zone	406,511
	South East	400,115
	South West	531,000
	London total	2,976,861
North East	Tees Valley and County Durham	60,591
	Tyne & Wear and Northumberland	51,345
	North East total	111,935

North West	Cheshire	56,767
	Cumbria	43,128
	Greater Manchester	122,656
	Lancashire	238,031
	Merseyside	112,519
	North West total	573,100
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South East	Berkshire & Oxfordshire	230,442
	Buckinghamshire & Milton Keynes	237,137
	Hampshire	551,725
	Kent	676,030
	Surrey	165,000
	Sussex	357,617
South East total	2,217,951	
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South West	North – West of England HMA, Swindon HMA, Gloucester & Cheltenham HMA.	425,971
	Peninsula – West Cornwall HMA, Plymouth HMA, Polycentric Devon and Cornwall, Torbay HMA, Exeter HMA and Taunton HMA.	315,341
	South East – Bournemouth and Poole HMA, Weymouth and Dorchester HMA, Salisbury HMA and South Somerset and West Dorset HMA	178,200
	South West total	919,512
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West Midlands	Coventry & Warwickshire	98,576
	Hereford and Worcester	88,911
	Staffordshire (including Stoke) & Shropshire (including Telford)	127,568
	Birmingham and Dudley, Sandwell & Solihull,	226,800
	West Midlands total	541,855

Yorkshire and Humberside	North Yorkshire and Humberside	79,800
	South Yorkshire	141,853
	West Yorkshire	205,752
	Yorkshire and Humberside total	427,404

Region	HBD units 2009-10	Region	FTBI completions April 2009 to December 2010
East Midlands	369	East Midlands	32
East of England	786	East of England	213
London	3,417	London	531
North East	177	North East	95
North West	579	North West	317
South East	1,388	South East	344
South West	785	South West	242
West Midlands	494	West Midlands	116
Yorkshire and Humberside	338	Yorkshire and Humberside	70
		Total	1,960

Local HomeBuy Agents competition

Pre-qualification – Quality

48. Interested organisations are required to submit a Pre-Qualification Questionnaire, which will address the quality, experience and financial robustness of bidding organisations.
49. PQQ selection criteria will be a combination of both financial and non-financial factors and will consider:
- a) service provider acceptability – status of service provider in relation to Regulation 23 of the Public Contracts Regulations 2006/1993 (SI 2006/1993 No 5);
 - b) economic and financial standing – the service provider must be in a sound financial position to participate in a procurement of this size as set out in Regulation 24 of the Public Contracts Regulations 2006 (SI 2006 No 5). This may entail independent financial checks;
 - c) service provider track record – the service provider must be able to demonstrate a successful track record of providing similar services to those listed in the Official Journal of the European Union (OJEU) notice as set out in Regulation 25 of the Public Contracts Regulations 2006 (SI 2006 No. 5); and
 - d) service provider capacity and capability – assessment of the totality of resources and

core competences available to the service provider(s).

Eligibility and affordability assessment

50. Demonstrate a sound approach to and experience of the assessment of applicants' eligibility and affordability.

Provision of information

51. Provision of information – demonstrate a sound approach to the provision of information for intermediate market and low-cost home ownership.

Enquiry handling

52. Demonstrate a track record of delivery with regard to enquiry handling. The PQQ contains further detail on the standards which we expect to be achieved by bidding organisations.

Relationship building and knowledge

53. Demonstrate experience of working with developers of affordable housing, and in particular with organisations in receipt of capital grant to develop homes for low-cost sale.

Low-cost home ownership

54. Bidding organisations will need to demonstrate through the provision of evidence a sound track record in supporting low-cost home ownership delivery and of working with a range of partners to do so.
55. Bidders must provide detailed evidence of how they intend to achieve customer satisfaction both from the point of view of customers and for developers of affordable housing.
56. For more information on PQQ requirements please refer to the PQQ.

Invitation to tender – Price and quality

57. Following successful completion of the PQQ, bidders will be ranked according to the scores which they achieve against our criteria. Successful organisations will then be invited to submit a tender. Our assessment of these tenders will be on a combination of quality and price. Further detail will be contained within our invitation to tender documentation.

Part 2 National HomeBuy Agent

Role of the National HomeBuy Agent

58. A range of affordable housing products have been launched under the HomeBuy banner in recent years. Designed to help people get on to the housing ladder, there are two of these HomeBuy products that will require services from the NHBA:

- First Time Buyers' Initiative (FTBI)

FTBI is designed to help first-time buyers who have been priced out of the housing market to get a foot on the property ladder.

Under the Initiative, buyers must be able to afford a mortgage for a minimum of 50% of the sales price, with the remainder contributed by English Partnerships via a direct payment to the developer. The Government's interest in the property is secured through a second charge. For the first three years, buyers only have to cover their mortgage repayments, after which they begin to pay a fee to English Partnerships based on the initial contribution the agency made.

As at the end of August 2008, FTBI is available on over 80 new housing developments nationwide and will have provided up to 3,500 homes by the end of the programme in April 2010. FTBI has now achieved (August 2008) nearly 1,300 purchased homes and these are currently managed by the FTBI national HBA (see below).

- London Wide Initiative (LWI)

A number of homes have also been made available in London through English Partnerships' London Wide Initiative (LWI).

Launched in 2003, LWI is a government-backed scheme which enables key workers to buy their own homes. English Partnerships has assembled 16 development sites across Inner and Greater London to deliver new, affordable homes in collaboration with the Housing Corporation.

The LWI uses shared equity-type arrangements, whereby the cost of the property is split between the Government and the home owner. Unlike shared ownership schemes, where purchasers pay both a mortgage on their share of the property and rent on the part retained by a landlord, purchasers do not have to pay anything to finance the Government's stake. The LWI shared equity scheme makes homes more affordable for key workers by reducing home ownership costs as a percentage of monthly outgoings.

The LWI will deliver up to 5,000 homes, of which around 1,500 will be available for key workers and a further 1,000 of which will be affordable shared ownership or affordable rented.

LWI is expected to deliver in the region of 1,500 completed key worker homes by 2014. Up to 1,000 of these key worker homes may also be included in the scope of the NHBA services.

- HomeBuy Direct (HBD)

HBD is a £300 million initiative launched in September 2008 aimed at helping up to 10,000 first-time buyers currently frozen out of the mortgage market to meet their housing aspirations. Under HBD, buyers will be offered an equity loan of up to 30% of the purchase price on selected new-build schemes. The equity loan will be co-funded by the Government and the developer.

Purchasers will be required to raise funding (including a mortgage, plus any deposit where available) of at least 70% of the purchase price. Both the scheme developer and the Housing Corporation will take an equal second charge over the property to secure their interest. For the first five years, the HBD owner pays no interest on the assistance received. At the start of year six, a charge is levied of 1.75% rising thereafter at RPI + 1% a year.

59. A National HBA will be required to provide post-sale services for the FTBI and HomeBuy Direct schemes. The role of the NHBA is to engage with home owners regarding all matters relating to the Government's financial interest (and the developer's equity loan in the case of HBD) in their home including:

- enquiry handling;
- fee collection and administration;
- repayment collection and administration;
- enforcement of non-payment; and
- provision of information.

Enquiry handling

60. Following completion of the initial purchase by the first-time buyer, the NHBA will be the single point of contact for all HomeBuy Direct and First Time Buyers' Initiative homeowners. The enquiry handling service will be expected to be provided through a variety of communication channels and will deliver information and guidance to owners about procedures for repayment of the Government contribution, collection of fees (due after five years from the grant of the equity charges for HomeBuy Direct and three years in the homes purchased under the First Time Buyers' Initiative) and a range of other queries resulting from their purchase via either HomeBuy Direct or FTBI, for example in relation to re-mortgaging or approval to undertake property improvements.

61. The NHBA will set up a customer database to record key data of completed transactions from the Local HBAs. The customer database will be the essential infrastructure for operation of the enquiry handling, repayment and fee collection services (see below) and be able to provide reports to meet Homes and Communities Agency statutory obligations as well as the reporting requirements to monitor and evaluate the First Time Buyers', HomeBuy Direct and LWI initiatives.

Fee collection

62. For both the First Time Buyers' and HomeBuy Direct Initiatives, home owners will eventually pay a fee or charge on their equity loan (save where the loan is paid before such fee commences).
63. In the HomeBuy Direct scheme, home owners do not pay any charge on their equity loan for the first five years. From the start of year six, a rate of 1.75% is levied monthly, rising by + RPI + 1% a year thereafter. The equity loans are co-funded equally between the HCA and the developer (who will have equal ranking as a lender). The National HBA will be responsible for the collection of these fees on behalf of the Homes and Communities Agency and the developer and will ensure that the fees are paid equally to both parties. The NHBA will issue all documentation and collect payments on a monthly basis and pass receipts to the HCA and the developer.
64. National HBAs will be required to hold client monies in an account charged in favour of the Homes and Communities Agency to ensure that the monies are secure. The HCA will enter into a contract with the HomeBuy Direct providers which will clarify the relationship as equal ranking creditors and also appoint the HCA to collect all monies under the charges. The HCA will sub-contract this role to the National HBA.

65. After three years of ownership, FTBI purchasers are liable to pay fees on the Government contribution. The NHBA will calculate the annual fee liability for each owner, issue all documentation, and collect payments on an annual or monthly basis from owners and pass the receipts to the HCA. The NHBA will also provide credit control services. The HCA will agree performance standards for recovery from debtors with the NHBA.

Repayment collection

66. For HomeBuy Direct, buyers can only start to redeem their equity loans in part or in full, 12 months after the date of initial purchase. Both (HomeBuy Direct) equity loans must be redeemed or partially redeemed simultaneously and in equal proportions. The minimum amount for each equity loan redemption will be ten per cent. If a buyer opts to sell the property prior to the redemption date (of 25 years), or redeems their mortgage prior to that period (without immediately refinancing), the loan based on the relevant percentage share of the market value at the time becomes repayable in full. The HCA and developer secure their interest in the property by way of two equal-ranking second charges on the title to the property. This will be either released or modified if a buyer makes a full or part repayment to the HCA and developer. The NHBA will be responsible for monitoring and approving these transactions, issuing all documentation to relevant parties and

ensuring repayments are made to the HCA and the developer.

67. Under FTBI, because English Partnerships has provided financial assistance to the buyer to make their first home purchase, it retains an entitlement to a share of the home's future sale proceeds. For example, if English Partnerships provided financial assistance to the buyer equivalent to 25% of the initial full purchase price, it will be entitled to 25% of the total sale proceeds at the value prevailing at the time of sale. FTBI owners can elect to repay all or part of the Government contribution at any time. Full repayment occurs when an FTBI home owner sells and purchases another property or chooses to repay the full amount and stay in the home. In both of these examples, the owner will have left the FTBI scheme. Alternatively, an owner can choose to make a partial repayment (known as 'staircasing') and remain in the scheme with a reduced repayment obligation. The HCA secures its interest in the property by way of a second charge on the title to the property. This will be either released or modified if a buyer makes a full or part repayment to the HCA. The NHBA will be responsible for monitoring and approving these transactions, issuing all documentation to relevant parties and ensuring repayments are made to the HCA. This includes the provision of an annual statement to equity loan beneficiaries.

Enforcement of non-payment

68. The National HBA will also provide credit control services. The HCA will agree performance standards for recovery from debtors with the NHBA.

Provision of information

69. The National HBA will be expected to maintain a website in accordance with the HCA's reasonable requirements. In particular the NHBA will be responsible for providing information which clearly sets out the process for the partial or early redemption of equity loans under the First Time Buyers' and HomeBuy Direct initiatives. NHBAs will be required to maintain and ensure the effective operation of a telephone enquiry line in accordance with reasonable HCA requirements.

Area of operation

70. For the avoidance of doubt, the National HBA will cover the nine Government Office regions of England.

Who can apply?

71. Public, private and voluntary sector organisations are invited to apply.

Payment of the National HomeBuy Agent

72. The National HomeBuy will receive an admin fee quarterly in arrears. An allowance will also be payable for transactional activity for example partial and complete equity loan redemption for the First Time Buyers and HomeBuy Direct initiatives.

73. If VAT is deemed to apply, then it is considered to be included in this figure.

74. The contract period for the National HBA will be for a total of five years with a break clause after two years.

Pre-qualification - Quality

75. Interested organisations are required to submit a Pre-Qualification Questionnaire, which will address the quality, experience and financial robustness of bidding organisations.

76. PQQ selection criteria will be a combination of both financial and non-financial factors and will consider:

- a) supplier acceptability – status of supplier in relation to Regulation 23 of the Public Contracts Regulations 2006/1993 (SI 2006/1993 No 5);
- b) economic and financial standing – the supplier must be in a sound financial

position to participate in a procurement of this size as set out in Regulation 24 of the Public Contracts Regulations 2006 (SI 2006 No 5). This may entail independent financial checks;

- c) supplier track record – the service provider must be able to demonstrate a successful track record of providing similar services to those listed in the Official Journal of the European Union (OJEU) notice as set out in Regulation 25 of the Public Contracts Regulations 2006 (SI 2006 No. 5); and
- d) supplier capacity and capability – assessment of the totality of resources and core competences available to the supplier(s).

77. For more information on PQQ requirements please refer to the PQQ. This prospectus should be read in conjunction with the PQQ.

Enquiry handling services

Evidence of experience and/or understanding in the design, set-up, operation and management, of large-scale customer databases;

Experience and/or understanding of developing and implementing large-scale enquiry handling services through a range of media;

Experience and/or understanding of the provision of similar services to individuals entering the housing market for the first time;

Experience and/or understanding of statutory and regulatory requirements affecting England's residential property market (or its equivalent); and

Experience and/or understanding of England's residential property market (or its equivalent) and its transaction processes.

Fee collection

Evidence of experience and/or understanding in the design, set-up, operation and management of credit control and debtor management systems and processes.

Repayment collection

Evidence of experience and/or understanding in the design, set-up, operation and management of transaction processes in housing.

Provision of information

Evidence of experience and/or understanding in the design, set-up, operation and management of websites for enquiry handling and provision of information.

Invitation to tender – Quality and price

78. Following successful completion of the PQQ, bidders will be ranked according to the scores

which they achieve against our criteria.

Organisations will then be invited to submit a tender. Our assessment of these tenders will be on a combination of quality and price. Further detail will be contained within our invitation to tender documentation.

TUPE

79. As for the competition for the Local LHBAs, organisations bidding to become the National HBA will also need to be aware of the potential implications of TUPE 2006.

80. As discussed for the LHBAs at paragraphs 30 onwards above, the re-tendering of the National HBA contract will constitute a 'relevant transfer' for the purposes of TUPE 2006. Therefore, the contracts of employment of any employees who are currently assigned to carry out work on the National HBA service are likely to transfer to the successful tenderer. The successful tenderer would therefore have to employ such employees on their existing terms and conditions, and would also be responsible for any liabilities associated with such employees.

81. Tenderers therefore need to take into account any associated employment costs when making their tender bids. For more information please refer to paragraphs 30 onwards above.

Competition process

82. The Homes and Communities Agency is running two competitions: (i) to appoint a network of Local HBAs to cover sub-regional geographic zones, described above, and (ii) to appoint a supplier to fulfil the role of National HBA to provide after sales services for the FTBI and HomeBuy Direct housing products. Each of these competitions will be carried out under the OJEU process.
83. For both roles, this will be an OJEU restricted procedure comprising:
- responses to pre-qualification questionnaire (PQQ); and
 - invitation to tender (ITT).
84. The following process stages will be followed in each:
- i. submitted PQQs will be opened and checked for compliance with general terms set out in this prospectus;
 - ii. Ccmpliant PQQs will be evaluated against the PQQ evaluation criteria set out in the PQQ and a shortlist of preferred tenderers will be drawn up;
 - iii. the HCA will issue an ITT and heads of terms to the shortlist of tenderers who will submit bids within the required timescale;
 - iv. the HCA may request any additional information it requires to assess bids adequately;
 - v. final evaluation will be carried out on the basis of the above process;
 - vi. a mandatory ten-calendar-day standstill will apply; and
 - vii. contract award.
85. The competition bid window opens 24 October 2008, with the deadline for pre-qualification questionnaires due by noon on the 24 November 2008. Bids should be submitted electronically using the pre-qualification questionnaire available on our website at www.housingcorp.gov.uk. Completed questionnaires should be clearly marked: 'Local HomeBuy Agent competition' or 'National HomeBuy Agent competition' submitted on paper as three hard copies and accompanied by an electronic version (PDF format) on CD ROM to the following address:
- Responses to:
- Local HomeBuy Agent / National HomeBuy Agent Competition
Housing Corporation
- Address:
- 7th Floor, Maple House
149 Tottenham Court Road
London W1T 7BN
England
- Tel: 0845 230 7000
Fax: 020 7393 2111

86. Submissions can also be returned via email to
the following address:

HBAcompetition@englishpartnerships.co.uk

Competition Timetable

87. The table below sets out the key dates and milestones for both competitions:

Date	Action
Competition opens	24 October 2008
Lodge OJEU notice	24 October 2008
Return of PQQs by interested organisations	Due back by 12.00 noon on 24 November 2008
Evaluation of PQQs	25 November - 9 December 2008
Invitation to tender	10 December 2008
Return of bids	19 January 2009
Evaluation of bids	3 February 2009
Standstill deadline	13 February 2009
Contracts awarded and signed	16 February 2009
2009 NHBA and LHBA in place	1 April 2009
Publish Contract Award Notice in OJEU	By 30 April 2009

88. We will publish heads of terms for both the Local HBAs and the National HBA at the invitation to tender stage.

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