

**NORTH SOMERSET COUNCIL  
DECISION**

**DECISION OF: EXECUTIVE MEMBER FOR STRATEGIC PLANNING, HIGHWAYS,  
ECONOMIC DEVELOPMENT AND HOUSING**

**WITH ADVICE FROM: HEAD OF STRATEGIC PROCUREMENT**

**DIRECTORATE: PEOPLE AND COMMUNITIES**



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**DECISION NO: PC32 (2018/19 SCHEME)**

**SUBJECT: Management of Sheltered Leasehold Accommodation**

**KEY DECISION: NO**

**BACKGROUND:**

The North Somerset Council (NSC) Corporate Plan Ambition states: "commission or provide quality health and care services which deliver dignity, safety and choice". Whilst not all of the sheltered leaseholders are in receipt of care services they are all older people and we wish to ensure the ongoing management of their blocks and ensure value for money regarding their service charge as well as quality services. An annual survey of satisfaction with the management service is undertaken every year and as at 2017 overall satisfaction was 97%. For any new service we would want to maintain this same high level of service user approval.

In the NSC People and Communities Annual Directorate Statement under the list of what the directorate does it states "to assess and arrange care and support for vulnerable working age and older people which maximises their health and well-being, dignity, independence and choice". This commissioning falls under that remit.

**DECISION:**

The Executive Member is asked to approve this Procurement Plan. Approval will allow officers to proceed with the tender process to commission management services to NSC's sheltered leasehold properties for a period of ten years. This decision is cost neutral to the council.

**REASONS:**

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This is an atypical contract in that the council does not pay the contractor any money to deliver the contract. The cost of the contract is met from within a service charge that sheltered leaseholders pay. This service charge also pays for other services for example: communal repairs, garden maintenance, sinking fund contributions etc. which the contract holder arranges on behalf of leaseholders.

In 2006, NSC transferred its general council housing stock to a newly created Registered Social Landlord, Alliance Homes (previously known as North Somerset Housing). It was agreed that the leasehold sheltered housing would not be transferred, but would instead continue to be owned freehold by the council and be managed by Alliance Homes under a formal management services agreement.

North Somerset Council (NSC) owns nine schemes of leasehold sheltered housing which were developed originally during the 1980s. Overall the schemes consist of 194 dwellings of which 33 have been sold to a housing association and for which NSC does not retain a management responsibility. The remaining 161 dwellings are sold on long leases to older people aged 55 and over.

NSC retains a responsibility to provide estate management, landlord's repairs and housing related support to the long leaseholders. It also has to manage and potentially accept the surrender of 161 leases and arrange for the resale of properties on newly created leases.

The existing management agreement is due to expire at the end of March 2019.

Alliance Homes has been delivering the service from 2009/10 in two contracts, the first contract was from 2009/10 to 2012/13 (four years) and the current contract is from 2013/14 to 2018/19 (six years), the last year of the current contract is a one-year contract extension.

The leaseholder satisfaction rating with the service is in excess of 90% each year.

NSC wish to seek best value for leaseholders so their charges remain affordable and the services are good quality.

Alliance Homes has confirmed that 1 x FTE will be eligible for TUPE transfer should they be unsuccessful in their bid for the new contract.

The commissioning plan was approved on 5 June 2018, REF PC6.

### **Lessons Learned from previous contract**

No significant issues to report from current contract– contract management is robust with good monitoring arrangements and the current contractor is very responsive when queries come up outside regular quarterly monitoring. We would wish the same of any new contractor should the current contractor not be successful in their bid.

Any organisation delivering this contract must be aware that the level of consultation they have with the leaseholders must be substantial as it is covered by Section 20 of the Landlord and Tenant Act 1985.

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## **Requirement**

- Provision of estate management services and landlord's repairs including maintenance of the grounds; cleaning, equipment servicing and repairs to the main fabric of the buildings, external redecoration and dealing with other general landlord responsibilities such as setting charges and liaising with residents.
- Dealing with the surrender of leases including agreeing the condition of properties subject to lease surrender, liaising with NSC's sales and marketing agents and providing new leaseholders with information to assist them to settle in their new homes.
- Making referrals for housing related support if requested by leaseholder to appropriate provider of this service in the North Somerset area and connection to a community alarm centre.
- The direct provision of housing related support to varying degrees to reflect the needs of residents is NOT part of this contract management services. Such housing related support must be assessed through the provider of such services (currently Support Alliance).

The cost of the contract is circa £65,000 per year.

## **Governance:**

- Contract Manager/Commissioner: Housing Policy Officer / Housing Project Officer
- Strategic Procurement Service: Head of Procurement & Procurement Officer
- Finance: Finance Business Partner

Approvals: The contract award decision will be signed off by the Director advised by the s.151 officer and Head of Strategic Procurement.

## **Route to market:**

It is proposed that a OJEU Open Procedure is used for this process.

The proposed contract term will be 10 years.

## **Timescales**

- Pre-procurement: prepare tender docs/governance/market engagement – March to September 2018
- Tender Advertised – Early Oct 2018
- Contract Award – Dec 2018
- New Service starts – 1 April 2019

## **Market / Suppliers**

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We placed a Prior Information Notice on the portal for three weeks in September (this closed 26<sup>th</sup> September at 1pm) to gauge interest and talk to providers. We had a few phone calls/emails and expressions via the portal. There are a number of Housing Associations who may be interested in providing the service.

### **Social Value, Sustainability & VCSE:**

It is proposed to ask the following question in the tender documentation:

In response to the Public Services (Social Value) Act 2012, North Somerset Council wish to encourage/support the following through this contract across the area of North Somerset:

- Support the local economy
- Promote job opportunities / employment of apprentices
- Encourage work in partnership
- Promote equal opportunities
- Support vulnerable people

Bidders must detail ways in which they can further these aspirations within this contract.

Social value with regards to this provision could include, but is not limited to, the following:

- Maximising employment opportunities for long term unemployed, care leavers, and individuals from groups traditionally underrepresented in the construction industry, e.g. women, disabled people and people from BME communities.
- Maximising spend within the local supply chain
- Maximising local recruitment opportunities
- Providing opportunities for training / apprenticeships and work with educational establishments
- Monitoring information of the above and detailing how will be made available to the Council

### **Evaluation:**

Quality: 50%

Price: 50%

Quality breakdown: Method statements will be used to assess Mobilisation/Implementation (20%), Customer Relations & Provision of Services (10%), Prioritisation (10%) and Social Value (10%).

The council's standard 0-5 scoring method will be used in evaluations.

Evaluation team: Housing Solutions Service Manager, Housing Policy Officer, Housing Projects Officer; Procurement Officer (Moderation)

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## **Contract Management**

The commissioner will contract manage effective delivery of these services. It is anticipated there will be quarterly meetings, with monthly KPI reviews.

## **OPTIONS CONSIDERED:**

**Bring the service in-house**, this was rejected as since the transfer of North Somerset's housing stock in 2006 to a housing association, the council does not have the housing management skills in-house. A provider of housing, especially with stock in North Somerset, can achieve economies of scale providing this contract alongside service to its' larger portfolio.

## **FINANCIAL IMPLICATIONS:**

### **Costs**

There is no cost to the council as the fee for management is entirely covered by the service charges which leaseholders pay. The rest of the service charge covers communal services to the blocks such as garden maintenance, servicing alarms and an amount for a sinking fund in case of major works of emergencies.

The cost of staff time in procuring the new contract is covered from a small annual fee to NSC (£8,918 in 2017/18) from the service charge. This also covers costs such as legal work.

### **Funding**

Ideally, we would look to commission a service similar in terms of price and certainly of the current quality. Other than yearly rises for inflation we do not want an increase in the price as a result of commissioning. The current provider almost certainly achieves economies of scale in that they also manage their own sheltered stock. However, this may also be the case for other local housing providers and we intend to test this through open competition. The contract opportunity will be advertised on the council's procurement Portal.

The amount paid to Alliance Homes to provide the management service in 2017/18 was £59,028 per annum. Our objective is to continue to provide the service at the current high level of satisfaction for this amount plus inflation per annum.

## **LEGAL POWERS AND IMPLICATIONS**

At the time of the award leaseholders will be given notice under Section 20 of the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002) of the intention to enter into a long term agreement relating to sheltered leasehold schemes.

Legal are drafting the terms and conditions for this contract.

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**CONSULTATION**

Consultation with leaseholders happened between these dates: 18 Jul – 17 Aug 2018. The comments/suggestions were addressed and taken into account when planning the tender.

We placed a PIN on the Portal between 5th Sept and 26th Sept.

**RISK MANAGEMENT**

There is a risk that the price of providing the management service could go up and this would adversely affect leaseholders. We will seek to avert this through the procurement process and this was considered during the design of the evaluation criteria.

**EQUALITY IMPLICATIONS**

Have you undertaken an Equality Impact Assessment? Yes

A stage 1 EIA has been completed and sent to the Equalities Team.

**CORPORATE IMPLICATIONS**

Not applicable.

**BACKGROUND PAPERS**

Commissioning plan, specification, EIA.

SIGNATORIES:

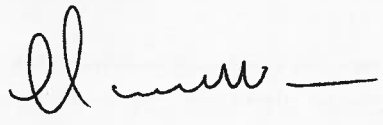
DECISION MAKER(S):

Signed:  .....

Title: Executive Member for Strategic Planning, Highways,  
Economic development and Housing

Date: 9/10/18 .....

WITH ADVICE FROM:

  
Signed: .....

Title: Head of Strategic Procurement

Date: 8.10.18

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