



DECISION OF: COUNCILLOR ELFAN AP REES, EXECUTIVE MEMBER FOR STRATEGIC PLANNING, HIGHWAYS, ECONOMIC DEVELOPMENT AND HOUSING WITH ADVICE FROM: SHEILA SMITH, DIRECTOR OF PEOPLE AND COMMUNITIES

DECISION NO: PC6

SUBJECT: COMMISSIONING PLAN FOR THE MANAGEMENT OF SHELTERED LEASEHOLD PROPERTIES (NEW CONTRACT FROM APRIL 2019)

KEY DECISION: YES

BACKGROUND:

The Council owns nine schemes of leasehold sheltered housing across North Somerset, comprising 161 dwellings ('Sheltered Leasehold Scheme'), which the Council lets on long leases to people aged 55 years and over.

One of the outcomes of the Corporate Plan 2015-19 is to promote the health and wellbeing of residents by enabling them to make choices which increase independence. The Sheltered Leasehold Scheme is designed and managed to allow people to remain independent in their own homes.

Pursuant to the terms of the Housing Stock Transfer dated 6 February 2006 (2006 Transfer), and under the terms of the Sheltered Leasehold Scheme leases, the Council is responsible for estate management, the repair and maintenance of the structure of the dwellings and housing related support, and managing and dealing with the surrender of the leases back to the Council and (under the 2006 Transfer) granting new leases ('Management Services').

Alliance Homes provide the Management Services to the Council under a contract dated 25 April 2013 which will end on the 31 March 2019. The proposal is for the Council to procure a new ten year contract for the delivery of the services set out below from the 1 April 2019 (New Management Services).

An annual survey of satisfaction for the Management Services is carried out annually and in 2017 97% of leaseholders were satisfied with the Management Services they received. A new contract should ensure the continuous high quality management of the Sheltered Leasehold Scheme and value for money in the expenditure of leaseholder's service charges and maintain high levels of leaseholder satisfaction.

Approval is sought for this commissioning plan which will allow officers to proceed with a Procurement Plan to commission management services for the Sheltered Leasehold portfolio for a period of ten years from the 1 April 2019. Once prepared the detailed

Procurement Plan, including the tendering process, will be brought to the Executive Member for approval.

This is an atypical contract in that there is no net cost to the council to deliver the Management Services. The cost for these services is met from within a service charge that sheltered leaseholders pay and it is our intention that the new contract will continue to be self-financing. In addition to funding the Management Services, the service charge also pays for other services for example: communal repairs, garden maintenance, sinking fund contributions etc., arranged by the current contractor for the leaseholders.

The Council wishes to seek best value for leaseholders so their service charges remain affordable. It will do this by including a stipulation in the tender that service charges do not increase above the Retail Price Index plus 0.5% with a ceiling increase of 2%.

The names and locations within North Somerset of the nine sheltered leasehold schemes are at Appendix A.

The following New Management Services are required:

- 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 leaseholders.
- dealing with the surrender of leases including agreeing the condition of properties subject to lease surrender, liaising with the Council's sales and marketing agents and providing new leaseholders with information to assist them to settle in their new homes.
- provision of housing related support to leaseholders by way of a connection to a community alarm centre and referrals for support if appropriate to support providers contracted by Supporting People
- The direct provision of housing related support to varying degrees to reflect the needs of residents is NOT part of this contract. Such housing related support must be accessed through the provider of such services (currently Support Alliance)

Contract Structure

- The contract term proposed is ten years with no extension period.
- The 2017/18 contract value is £59,028. Assuming any tenderers bid in line with the current contract (with an assumed maximum allowed increase in the RPI¹ rate of 2% per annum), the total contract value over 10 years would be £672,452².
- However, this is just an estimate showing the potential amount involved exceeds £500,000 (hence a key decision); the overall value of contract cannot be predicted until bids have been submitted.

¹ Retail Price Index average over the last ten years 2008-2017 is 2.81%

² Current contract allows for increase of RPI + 0.5% with maximum of 2%, 0% RPI increase would mean 0% rise

Outline timeline

- Preparation – from February 2018 includes potential stakeholder engagement and contract preparation
- Procurement process commences – est. September 2108
- Contract award – est. November 2018
- New Service starts – 1 April 2019

DECISION: To approve this Commissioning Plan.

REASONS: To ensure the continuous high quality management of the Sheltered Leasehold Scheme and value for money in the expenditure of leaseholder's service charges and maintain high levels of leaseholder satisfaction.

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 its own services.

Discontinue service - cannot be done because of landlord duties under the leases (e.g. freehold covenants).

FINANCIAL IMPLICATIONS:**Costs**

There is no cost to the council insofar as the fee for management is entirely covered by the service charges which leaseholders pay under their leases. 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 by a small annual fee to the Council from the service charge.

Funding

The leaseholders of the Sheltered Leasehold Scheme pay a weekly service charge to the current contractor who collects this on behalf of the Council. The contractor uses the service charge payments to deduct its Management Services fee for the service that it delivers for the Council under contract. The existing Management Services and the proposed New Management Services is cost neutral to the Council.

We intend to let potential suppliers of the service know there is a contract opportunity initially through a Prior Information Notice (PIN) in order to establish the level of interest. The contract opportunity itself will be subsequently on the council's procurement Portal.

The PIN will provide us with a better idea of potential suppliers, from which we will formulate our procurement strategy and the Procurement Plan will require approval by the Executive Member. Finally, the Director for People & Communities would approve

the award to the successful contractor following the tender exercise, under their delegated authority.

LEGAL POWERS AND IMPLICATIONS

As the proposal is for the Council to enter into a contract with an independent contractor for more than 12 months (Qualifying Long Term Agreement) for the New Management Services, which would result in the sum payable of more than £100 per leaseholder per year, the Council must comply with the consultation requirements laid down in the Services Charges (Consultation Requirements) (England) Regulations 2003. Failure to comply with these Regulations would mean that the Council or its Contractor would not be able to collect service charges over £100 per leaseholder, per year. As the council will be publishing an OJEU notice, the Council will need to consult with leaseholders and any recognised leaseholder association at (i) the pre-tender stage and (ii) the tender stage. To comply with the Regulations the Council will give each leaseholder and any Resident/Tenant Association (RTA) notice of intention to enter into a Qualifying Long Term Agreement (30 day consultation period) and will have regard to any observations made by the consultees made within the consultation period before advertising the opportunity. The Council will also consult with the consultees (30 day consultation period) following the selection of the winning bidder, but before contract award. Any comments and ideas from consultation will be considered by the Housing Solutions Service Leader.

TUPE may apply to this service, but this has yet to be confirmed by our current contractor. If so, this will be a contractor to contractor transfer.

CONSULTATION

Arrangements for consultation with leaseholders and any RTA will be included in the letters which go to leaseholders and any RTA.

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 will be considered during the design of the tender evaluation criteria.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment (EIA)? Yes / No
Stage 1 EIA attached as Appendix B.

CORPORATE IMPLICATIONS

Not applicable.

BACKGROUND PAPERS

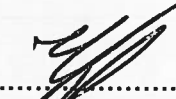
None.

Appendices

- Appendix A – Name and location within North Somerset of the sheltered leasehold schemes.
- Appendix B – Equality Impact Assessment

SIGNATORIES:

DECISION MAKER(S):

Signed: 

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

Date: 5/6/18

WITH ADVICE FROM:

Signed: Sheila Smith

Title: Director People and Communities

Date: 5/6/18

Signed:

Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:

Appendix A

The Sheltered Leasehold Schemes are:

- Victoria Court, Portishead
- Lawrence Mews, Weston-super-Mare;
- Stockway North, Nailsea;
- Heathfield Way, Nailsea;
- Moorside Court, Clevedon;
- St. Mary's Close, Weston-super-Mare;
- Bourton Mead, Long Ashton;
- Baytree Court, Weston-super-Mare; and
- Hildesheim Court, Weston-super-Mare.

Appendix B - North Somerset Council - Initial Equality Impact Assessment

Overview

Service or project area:

COMMISSIONING PLAN FOR THE MANAGEMENT OF SHELTERED LEASEHOLD PROPERTIES (NEW CONTRACT FROM APRIL 2019)

Description of the proposal:

The Executive Member is being asked to approve a Commissioning Plan for the tendering of this contract. The approval will allow us to produce a Procurement Plan to commission management services to North Somerset Council (NSC)'s sheltered leasehold properties for a period of ten years. Once prepared the Procurement Plan including detailed tendering process will be brought to the Executive Member for approval.

Background: Following the transfer of the council's social housing to Alliance Homes (formerly North Somerset Homes) in 2006 the freehold of 161 sheltered leasehold properties were retained by NSC. The management of communal areas, gardens, maintenance of lifts etc. and the administration of the surrender of any leases has been tendered as a contract twice now and won on both occasions by Alliance Homes. The contract is cost neutral to NSC as it is paid from the service charge paid by leaseholders. Money from the service charge also goes into a sinking fund to pay for any major repairs to communal areas. A small amount also covers any legal or finance costs incurred by NSC. Whilst there is no cost to NSC we seek to achieve the best value of money possible for the leaseholders.

Summary of changes:

Minimal changes to the existing contract are proposed. We are seeking to provide a similarly high-quality management service for these sheltered leasehold homes that provide value for money for leaseholders

Customer equality impact summary

Will the proposal have an impact on any of these groups? Insert X into one box per row.					Impact (positive/ negative/ both)
	High	Medium	Low	None	
Disabled people			x		Negative
People from different ethnic groups					
Men and women (including pregnant women or those on maternity leave)					
Lesbian, gay or bisexual people					

People on a low income					
People in particular age groups			x older people		Negative
People in particular faith groups					
People who are married or in a civil partnership					
Transgender people					
Other specific impacts, for example: carers, parents, impact on health and wellbeing. Please specify:					

Explanation of customer impact

Other than the tendering the price we are keeping the contract in virtually all respects the same. This contract has delivered very high satisfaction rates 2015 – 88% satisfaction rate; 2016 - 93%; and 2017 - 97%. There is a risk that the price of providing the management service could increase and this would adversely affect leaseholders who would be required to pay an increased service charge. We will seek to avert this through the procurement process and this will be considered during the design of the tender evaluation criteria. In the light of this and from previous experience of tendering this contract the impact is assessed as low.

Given that leaseholders have to be over 55 years of age they are all older people, it is also likely that there will be a larger than average number with some level of disability and health issues. Leaseholders can ask to receive housing related support through the provider of such services (currently Support Alliance)

Staff equality impact summary

Are there any staffing implications for this proposal?

Yes No

Explanation of staff impact

No effect on NSC staff. If a new successful tenderer wins the contract it will be incumbent on the old contractor to consider any TUPE implications, not NSC.

Review and Sign Off

Directorate Equality Group

When was this assessment reviewed by the Directorate Equality Group?

Not required

Is a further detailed equality impact assessment needed?

Yes

No

If 'yes', when will the further assessment be completed?

Service Manager: Kay Eccles

Date: 16 March 2018

If this assessment identifies a medium or high risk then a Full Equality Impact Assessment needs to be completed

