

**NORTH SOMERSET COUNCIL
DECISION**



**DECISION OF: DIRECTOR OF PEOPLE AND COMMUNITIES
WITH ADVICE FROM: S151 OFFICER AND THE HEAD OF STRATEGIC
PROCUREMENT
DIRECTORATE: PEOPLE AND COMMUNITIES**

DECISION NO: PC85 2018/19 Scheme

SUBJECT: Award of Contract for Management of Sheltered Leasehold Accommodation

KEY DECISION: YES

BACKGROUND:

- North Somerset Council holds the freehold of eight schemes of sheltered leasehold accommodation and the head lease of one scheme, 161 properties in all.
- The North Somerset Council (NSC) Corporate Plan Ambition states: we should "commission or provide quality health and care services which deliver dignity, safety and choice". Whilst not all the sheltered leaseholders are in receipt of care services they are all older North Somerset residents and we wish to ensure excellent ongoing management of their schemes 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 wanted to maintain this same high level of service user approval. This award should ensure high quality management of these sheltered schemes for the next 10 years.

DECISION:

- That the contract for Management of Sheltered Leasehold Accommodation be awarded to NSAH (Alliance Homes) Ltd of 40, Martingale Way, Portishead, North Somerset, BS20 7AW. Financial Conduct Registration 29804R.
- That the contract amount is circa £650,000 over 10 years with no extension period.
- To note that the award was subject to a now completed 30-day consultation with leaseholders under Section 20 of the Landlord and Tenant Act 1985.

REASONS:

- 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 ensuring:

- estate management;
 - the repair and maintenance of the structure of the dwellings;
 - the offer of connection to an emergency alarm system; 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 currently provide the Management Services for the Council to the leaseholders under a contract dated 25 April 2013 which will end on the 31 March 2019. A new contract is required from 1 April 2019.
 - This is an atypical contract in that the cost for these services is met from within a service charge that sheltered leaseholders pay. 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 has sought to achieve best value for leaseholders, so their service charges remain affordable. We did this by including a stipulation in the tender that service charges do not increase above the Retail Price Index (RPI) plus 0.5% with a ceiling increase of 2%.
 - The contract value is circa £650,000 over 10 years, with no extension period.

Market Engagement actions

- We informed the market (and invited discussions) of the upcoming opportunity through a Prior Information Notice (PIN) in the Official Journal of the European Union (OJEU) in September 2018. There were four companies who enquired/we had discussions with.

Award Criteria

Price 50%, Quality 50%

Quality was broken down as follows:

- Mobilisation: 20%
- Provision of Services/Customer Relations: 10%
- Prioritisation of Work: 10%
- Social Value: 10%

Price was broken down as follows:

- Category A – 25%
- Cat B – 5%
- Cat C – 5%
- Cat D – 8%
- Cat E – 7%

Procurement procedure and publishing information

The OJEU open procedure was used for this opportunity. The OJEU Advert was placed on 31 October 2018. Tenders were returned on 3rd of December with two companies submitting an application.

Evaluation Panel Members

- Housing Solutions Service Leader
- Housing Policy Officer
- Housing Project Officer
- Procurement Officer (Moderator)

Evaluation outcome

- The evaluation panel met on the 12th of December and assessed/agreed the scores below.

	[Supplier 1]	[Supplier 2]
Quality Score	47.5%	27.5%
Price Score	46.8%	43.2%
Total Score	94.3%	70.7%

Social Value

- We asked bidders in the Invitation to Tender to tell us how they would promote social value as part of the contract. It formed 10% of the overall score. We were very impressed with Alliance Homes commitment to achieving social value across their business and encompassing it within this contract.

Contract Management

- A detailed specification was issued alongside the contract which the successful contractor must abide by. It includes nine performance standards ranging from target times for response repairs through to overall leaseholder satisfaction and budget tolerance for collecting service charges.
- The Council will meet with Alliance Homes in person every three months to monitor the contract. There will be regular ad hoc contact for any more urgent issues.
- The Council's liaison for the contract is a Housing Project Officer, who has extensive experience of housing management supported by Housing Solutions Service Leader who has experience of this contract since its inception.

Implementation of contract

- 20% of the overall scoring of tenders was for 'mobilisation'. Whilst tenders were judged purely on the information submitted the fact that the current contractor has emerged as the successful tenderer should ensure very smooth continuity from one contract to another.

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 a small annual fee to the Council (£8,918 in 2017/18) 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. The existing Management Services and new Management Services are cost neutral to the Council.

LEGAL POWERS AND IMPLICATIONS

As the proposed award 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 required the council published an OJEU notice and consulted with leaseholders via a Section 20 (Landlord and Tenant Act 1985) letter at the pre-tender stage. Each leaseholder was given notice of the Council's intention to enter into a Qualifying Long-Term Agreement (with a 30-day consultation period) and the Council 'took on board' observations made by the consultees before advertising the opportunity.

Once the award decision was taken in principle following evaluation of tenders and to comply with the Regulations the Council consulted with the leaseholders (30-day consultation period) for a second time, following the selection of the winning bidder, but before contract award. There were no comments from this stage of consultation to be considered by the Council.

CONSULTATION

- All leaseholders were written to via a first Section 20 letter. In response we received six replies. Two respondents praised Alliance Homes (the existing provider), one was critical of them. One wanted further detail and two were relatives of leaseholders who had deceased seeking advice.
- The overriding message from these leaseholders was to consider quality of services as well as cost, which we took on board within the evaluation criteria.
- In response to the second Section 20 letter we received no written responses.

RISK MANAGEMENT

There was a risk that the price of providing Management Services could go up and this would adversely affect leaseholders. We sought to avert this through the competitive procurement process and through the design of the contract. Rises limited to RPI.

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes / No

A Stage 1 EIA was carried out at the Commissioning Plan stage and was deemed to be sufficient.

CORPORATE IMPLICATIONS

Not applicable.

BACKGROUND PAPERS

Appendix A: Commissioning Plan approved by Executive Member (EM)

Appendix B: Procurement Plan approved by EM

Appendix C: Proposal (A summary of the specification sent to leaseholders with their second Section 20 letter)

Appendix D: Section 20 Responses

SIGNATORIES:

DECISION MAKER(S):

Signed: .....

Title: Director of People and Communities

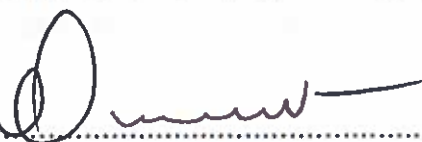
Date: 8.3.19.....

WITH ADVICE FROM:

Signed: 

Title: S151 Officer

Date: 8.3.19

Signed: 

Title: Head of Strategic Procurement

Date: 8.3.19

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

Clarification received that the contract amount is circa £65,000 per year, giving a total contract value over the 10-year period of circa £650,000.