



Cabinet
13 March 2017

**Report from the Strategic Director of
Community and Wellbeing**

Wards Affected:
[ALL]

**Authority to Tender Works and Housing Management Services
for the Council's PRS And Nail Programmes**

1.0 Summary

1.1 This report concerns the procurement of frameworks for Refurbishment, Property Maintenance Compliance and Void Management and Housing Management of Private Rented Sector (PRS) properties and those purchased for the NAIL programmes. This report requests approval to invite tenders in respect of PRS / NAIL Works and Housing Management as required by Contract Standing Orders 88 and 89.

2.0 Recommendations

2.1 That Cabinet approve inviting tenders for a Dynamic Purchasing Framework agreement for Works (Refurbishment, Property Maintenance, Compliance, void management) to support PRS and NAIL programmes on the basis of the pre-tender considerations set out in paragraph 3.14 of the report.

2.2 That Cabinet to give approval to officers to evaluate the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 3.14 of the report.

2.3 That Cabinet approve inviting tenders for a Dynamic Purchasing Framework agreement for Housing Management to support PRS and NAIL programmes on the basis of the pre-tender considerations set out in paragraph 3.20 of the report.

2.4 That Cabinet to give approval to officers to evaluate the tenders referred to in 2.3 above on the basis of the evaluation criteria set out in paragraph 3.20 of

the report.

- 2.5 That Cabinet delegate to the Strategic Director for Community & Wellbeing the authority to award the above contracts.
- 2.6 The Cabinet approve a variation to the Agreement for Housing Management & Other Services with Brent Housing Partnership (BHP) to extend the interim use of the refurbishment works to a total maximum value of £1.8m.

3.0 Detail

Contract Requirements

- 3.1 Officers using delegated powers appointed BHP in November 2016 to refurbish PRS properties on an interim basis. However, the PRS and NAIL programmes are seeking to appoint through a framework arrangement a highly qualified works contractor to carry out refurbishment, repair, compliance, major works and voids (“Works”) and a Housing Management contractor to maintain and manage the new and growing property portfolios. Under the longer term arrangement the procurement of a framework for the provision of Works will provide a swift refurbishment service aimed at maximising property occupancy and ensuring properties comply with the property standard set by the Council. The second procurement will seek to appoint through a framework arrangement a highly qualified housing management agent. The procurement will seek to replace the housing management contractors whose contracts expire at the end of financial year 2018/2019.

The strategic context to the procurement is that the Council has embarked on a number of programmes to achieve revenue savings including PRS and NAIL. There is a need to deliver Works and Housing Management services to achieve the aims of these programmes. In addition there is a changing strategic environment in which we are procuring these services. Key issues include the potential reintegration of Brent’s Arms’ Length Housing Management Organisation (BHP) and improving performance; the increasing risk and opportunity of Housing Association partners withdrawing from private sector leasing schemes and the incorporation of ‘Investing4Brent’ the Council’s wholly owned company, which presents a commercial opportunity. These opportunities and challenges are likely to increase the Council’s need for a flexible and responsive mechanism to deliver works and services. The proposed use of single contractor ‘call off’ frameworks allows the versatility to use in house and /or external capacity to meet the Council’s needs.

Introduction to the PRS Acquisition Programme

- 3.2 The Council is currently purchasing and refurbishing circa three hundred properties to support the council’s housing needs provision. The refurbished properties would pass to ‘Investing4Brent’ which is the Council’s new wholly owned company and Brent’s private rented sector landlord. ‘Investing4Brent’ has been set up by the Council to own and manage a portfolio of properties

and seek other opportunities such as economic regeneration initiatives. The Company would have access to the works and housing management capacity procured by the Council should it choose to make use of these facilities. The PRS acquisition programme is one of the initiatives agreed by the Cabinet in March 2016 as part of the Temporary Accommodation Reform Plan.

- 3.3 'Investing4Brent' will have a nominations agreement with LB Brent through which 100% of tenants would be nominated by LB Brent's housing needs service. The Council has a track record of nominating to the private rented sector and 'Investing4Brent' will be an additional private rented sector landlord by which the Council can discharge its homelessness duties. Brent currently owns or is in the process of purchase through conveyancing eighty six residential units and will complete its portfolio of three hundred by April 2018. The homes will be located in two management areas:
- Brent (portfolio ambition 120 units) and Greater London (portfolio ambition 30 units), and
 - The Home Counties (portfolio ambition 150 units)

Introduction to the NAIL programme

- 3.4 The NAIL Programme was introduced to develop alternatives to residential care for customers with high care and support needs. This style of accommodation and support gives a more personal service and enables adults to have more control over their home and care which is in line with central government policy.
- 3.5 The NAIL Programme commenced in 2014, and to date has delivered approximately £1.4M in efficiency savings. Care home costs are split between accommodation and the 'care and support' element. When customers are placed in care home settings ASC pay a fee for the placement which also includes food and accommodation or 'hotel' costs. The accommodation/'hotel' costs are an integral part of placement fees, and not eligible for Housing Benefit due to the legal basis by which the accommodation is occupied.
- 3.6 The NAIL Programme accommodation generates savings by providing customers with tenancies which are eligible for Housing Benefit. ASC is only responsible for meeting the cost of the customer's care and support – an average weekly saving of £332 per person, when provided via a care setting. The individual claims housing benefit for the accommodation costs, and use their benefits (which they are not eligible for in residential care) to pay for social activities, utilities, food etc. thus generating efficiency savings for the council.

Scope of the Works framework (refurbishment, maintenance, void management, and compliance) 2017-2021

- 3.7 It is proposed to establish a DPS framework from which the Council would be able to call off works contracts. The contractor would be responsible for the

key to key void maintenance service including carrying out initial property refurbishments following property acquisition. The contractor would also be able to provide responsive repair, planned and cyclical maintenance and ensure properties and blocks of properties are compliant with standards required of a responsible private rented sector landlord.

- 3.8 'Investing4Brent' would have access to the Council's framework to deliver maintenance, major works, compliance, void and service charge works.
- 3.9 The PRS and NAIL programmes require a works contractor able to deliver the same range of services namely refurbishment/conversions, void maintenance, compliance, responsive repairs, service charge related works, programmed and cyclical maintenance. The comprehensive procurement will ensure the capacity and essential skills for both programmes and sufficiently flexible to support other initiatives which may emerge.
- 3.10 A quality refurbishment, maintenance and compliance service is essential to PRS and NAIL programmes. Both programmes recognise a quality service will ensure speedy property key to key turnaround, maximise rental income and preserve through good management the Council's investment. All homes will be let under nomination agreements with LB Brent. The contractor would have a responsibility to liaise with the housing management agents and work within the LB Brent nomination agreement to ensure all stages from pre tenancy termination inspections to handing the keys back to the management agents is swift and problem free.
- 3.11 The contractor will be used to refresh properties between tenancies and ensure compliance such as gas certification, EPCs, lifts, door entry systems, PAT testing, etc. are in place, often working closely with the housing management contractor.
- 3.12 The contractor will deliver the minimal property standards set by the Council. The PRS standard can be found at appendix 1.
- 3.13 There are a number of procurement routes available currently to deliver refurbishment works to PRS acquired properties including:
- BHP have a contract up to £250,000 for works which is being used to deliver security, site health and safety compliance and small value refurbishment
 - The London Construction Partnership is used to refurbish packages of properties between £100,000 and £200,000. Clusters of PRS properties can be bundled together and advertised through closed tender on the London Tender Portal.
 - Properties which require significant works can be tendered on an individual bases.

However, the procurement routes available are insufficient in terms of capacity, timescales and efficiency and therefore it is recommended to use in the short term the efficiencies and capacity already available through BHP's work contracts. BHP would be used during 2017 to deliver works and then the Council would seek to appoint a framework contractor to deliver alongside

BHP or as an alternative to BHP from 2018. It is considered that a budget limit of £1.8 will be sufficient to improve the first tranche of acquired PRS properties and NAIL properties requiring works during the same period.

3.13 The value for money of this framework will be benchmarked using pricing information on similar works

3.14 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations in relation to the Works framework have been set out below for the approval of the Cabinet.

Works Framework

Ref.	Requirement	Response	
(i)	The nature of the service.	Works (Refurbishment, Property Maintenance & Compliance) framework for PRS/NAIL properties 2017-2021	
(ii)	The estimated value.	Works framework - £9m. This is of sufficient value to provide a facility for other authorities to access	
(iii)	The contract term.	Works Single Contractor Framework - The framework will be for a 4 term, to operate 2017-2021	
(iv)	The tender procedure to be adopted.	A restricted or two stage OJEU process and contractors will be able to procure the works framework.	
v)	The procurement timetable.	Indicative dates are:	
		OJEU Advert placed	March 2017
		Expressions of interest returned	April 2017
		Shortlist drawn up in accordance with the Council's approved criteria	May 2017
		Invite to tender	June 2017
		Deadline for tender submissions	July 2017
		Panel evaluation and shortlist for interview	July 2017
		Interviews and contract decision	July 2017

Ref.	Requirement	Response	
		Report recommending framework award circulated internally for comment	August 2017
		Cabinet approval	September 2017
		Minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers	September 2017
		Contract Mobilisation	November 2017
		Framework start date	December 2017
(vi)	The evaluation criteria and process.	<ol style="list-style-type: none"> 1. At selection (pre-qualification stage) shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a selection questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise. 2. At tender evaluation stage, the panel will evaluate the tenders against the following criteria: <ul style="list-style-type: none"> • There will be a 60%/40% price / quality split. The main quality criteria will be; • How bidders will comply with statutory requirements and best practice during the framework • How bidders will communicate and work with partners in particular the client and housing management contractors • The approach to Customer Care/Access and Responsiveness in delivering services • Ability to innovate, improve services and generate efficiencies • Delivering Social Value 	

Ref.	Requirement	Response
		<ul style="list-style-type: none"> • Ability to perform against top quartile sector KPIs • Health and Safety practices
(vii)	Any business risks associated with entering the contract.	No specific risks have been identified with the procurement
(viii)	The Council's Best Value duties.	The competitive process will evidence value for money and the opportunity to deliver services in a new way
(ix)	Consideration of Public Services (Social Value) Act 2012	See Section 8 below
(x)	Any staffing implications, including TUPE and pensions.	See Section 7 below
(xi)	The relevant financial, legal and other considerations.	See sections 4 and 5 below.

3.15 The Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

Scope of Housing Management Services 2018-2022

3.16 It is proposed to establish a framework where the Council would be able to call off Housing Management services. The contractor would be responsible for all aspects of housing management, tenancy management, rent collection, and the letting process affecting the property and the tenant.

3.17 There is a benefit to the council in providing NAIL the opportunity to access participate in this framework should it decide it is the most beneficial way of providing housing management services. 'Investing4Brent' would have access to the Council's framework to deliver property management services.

3.18 A quality housing management service is essential to the Council and 'Investing 4 Brent'. A quality service will ensure low levels of rent arrears, minimal property damage, disrepair and tenancy problems are nipped in the bud early and the landlord has happy customers. The contractors would be required to have regular contact with the tenant at their home and that this is an essential part of good tenancy and property management. The Council would expect every visit to the property to contribute towards good management. All homes will be let under a nomination agreement with LB

Brent. This means that 100% of properties will be let to housing applicants which the Council have a duty to support. The LB Brent undergoes a comprehensive assessment of each family's income and circumstances to ensure the property and rent is sustainable for the applicant.

- 3.19 The Council has two short term contracts in place to provide housing management and responsive repairs service to PSR properties in i) Brent and Greater London ii) the Home Counties. These contracts are due to end in the fourth quarter of 2018/2019.
- 3.20 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations in relation to the Housing Management framework have been set out below for the approval of the Cabinet.

Housing Management Framework

Ref.	Requirement	Response	
(i)	The nature of the service.	Housing Management services for PRS and NAIL tenancies 2018-2022.	
(ii)	The estimated value.	Housing Management framework £5m	
(iii)	The contract term.	Housing Management Single Contractor Framework - The framework will be for a 4 year term, to operate 2018-2022	
(iv)	The tender procedure to be adopted.	A restricted or two stage OJEU process and contractors will be able to procure the Housing Management framework.	
v)	The procurement timetable.	Indicative dates are:	
		Adverts placed	January 2018
		Expressions of interest returned	March 2018
		Shortlist drawn up in accordance with the Council's approved criteria	April 2018
		Invite to tender	April 2018
		Deadline for tender submissions	May 2018

Ref.	Requirement	Response	
		Panel evaluation and shortlist for interview	June 2018
		Interviews and contract decision	July 2018
		Report recommending Framework award circulated internally for comment	August 2018
		Cabinet approval	September 2018
		Minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers	September 2018
		Contract Mobilisation	October 2018
		Framework start date	December 2018
(vi)	The evaluation criteria and process.	<ul style="list-style-type: none"> • At selection (pre-qualification stage) shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines by the use of a selection questionnaire to identify organisations meeting the Council's financial standing requirements, technical capacity and technical expertise. • At tender evaluation stage, the panel will evaluate the tenders against the following criteria: <ul style="list-style-type: none"> • There will be a 60%/40% price / quality split. The main quality criteria will be; • Delivering and top quartile performing rents and arrears management service • How bidders will minimise void time and maximise work with the Council in letting homes • How bidders will ensure excellent communication with partners in particular the 	

Ref.	Requirement	Response
		<p>client and works contractors</p> <ul style="list-style-type: none"> • The approach to Customer Care/Access and Responsiveness in delivering services • Delivering social benefits through services and the supply chain • Ability to perform against top quartile sector KPIs • Health and Safety practices
(vii)	Any business risks associated with entering the contract.	No specific risks have been identified with the procurement
(viii)	The Council's Best Value duties.	The competitive process will evidence value for money and the opportunity to deliver services in a new way. The contract will seek a fixed price or zero uplift on costs.
(ix)	Consideration of Public Services (Social Value) Act 2012	See section 8 below
(x)	Any staffing implications, including TUPE and pensions.	See section 7 below
(xi)	The relevant financial, legal and other considerations.	See sections 4 and 5 below.

3.21 The Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

4.0 Financial Implications

4.1 The estimated value of the Works framework is £9m and Housing Management framework is £5m.

4.2 A number of Capital schemes for NAIL, TA and Private Sector Rental properties have been approved and there are more to come. Many of these projects include a costed requirement for refurbishment to bring the properties up to the required housing standard or to make necessary internal structural modifications.

4.3 There is also a secondary requirement for the ongoing maintenance, void and compliance works for PRS and other schemes. All of these projects will be self-funding, so that rents and service charges will cover all costs. Hence,

there will be sufficient resources to cover the anticipated contract spend.

- 4.4 Other small Community and Wellbeing projects may from time to time require access to refurbishment, maintenance or housing management services. The framework will be available for their use if there is an approved budget and it is considered the most appropriate contract option.
- 4.5 Value for money to be benchmarked against industry approved schedules

5.0 Legal Implications

- 5.1 The frameworks for both works and housing management to be tendered are in excess of the relevant thresholds for application of the Public Contracts Regulations 2015 (PCR 2015). As such both frameworks will require full adherence to the requirements of PCR 2015 in their procurement to include advertising in the Official Journal of the European Union.
- 5.2 The frameworks for both Works and Housing Management services are classed as High Value Contracts under the Council's Contract Standing Orders and Financial Regulations. For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in paragraph 3.14 & 3.20 above (Standing Order 89) and the inviting of tenders (standing Order 88).
- 5.3 Once the tendering process is undertaken Officers will report back to the Cabinet in accordance with Contract Standing Orders, explaining the process undertaken in tendering the frameworks and recommending award.
- 5.4 As these frameworks are subject to the full application of the PCR 2015, the Council must observe the requirements of the mandatory minimum 10 calendar standstill period imposed by the EU Regulations before the frameworks can be awarded. The requirements include notifying all tenderers in writing of the Council's decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council's award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the framework may commence.
- 5.5 Recommendation 2.5 is to approve a variation to the Agreement for Housing Management & Other Services with BHP to extend the interim use of BHP for refurbishment works to a total maximum value of £1.8m. BHP is a wholly owned company of the Council and meets the requirements of a legal person set out in Regulation 12 (1) (a) – (c) of the PCR 2015. As such the requirements with regards to award and variation of contracts contained in Part 2 of the PCR 2015 do not apply and the Council is legally entitled to agree to vary the contract with BHP. Given the value of the proposed variation, Cabinet approval is required.

6.0 Diversity Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 These services are currently provided by external contractors and there are no implications for Council staff arising from retendering the contract

7.2 There are no property / accommodation matters relevant to this framework procurement.

8.0 Public Services (Social Value) Act 2012

8.1 The Council has a duty pursuant to the Public Services (Social Value) Act 2012 (the "Social Value Act") to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area and, in conducting the process of procurement, how it might act with a view to securing that improvement." It must also "consider whether to undertake any consultations as to matters to be considered". The Social Value Act applies directly to the procurement of the housing management service but Officers have also had regard to it in relation to the procurement of the proposed refurbishment and void maintenance framework.

8.2 The service being procured is aimed at improving the social and economic well being and quality of life of the tenants to be nominated by the council's housing needs service.

8.3 The Social Value Act only requires the Council to consider whether to consult but does not impose any duty to consult or who to consult. Officers have however carried out the following consultation:

- interviewing housing management agencies to obtain details of their experiences and their views on the challenges and opportunities facing the sector;
- interviewing possible tenants to contribute details of what is important to them in housing management

8.4 Officers will throughout the procurement exercise take account of the provisions of the Social Value Act and seek to implement them as appropriate. This includes embedding social value considerations in the evaluation of bids in relation to both the housing management services framework and the refurbishment and void maintenance framework.

9.0 Other Implications (if appropriate)

9.1 The Council has set up a wholly owned company to become the PRS landlord. The PRS landlord is 'Investing4Brent' and it will be able to access

the two framework agreements..

- 9.2 Brent's proposed frameworks will allow other members of the Authorities the opportunity to call off contracts, with a nominal two percent administration fee. The value of the tender has been increased by £1m to reflect this facility.

10.0 Background Papers

- 10.1 Cabinet Report March 2016 (the PRS is one of the programmes proposed in the Temporary Housing Reform Plan agreed by Cabinet March 2016

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