

# Report of the Strategic Director to the meeting of Regeneration and Environment Overview and Scrutiny Committee to be held on 18 July 2023

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## **Subject:**

**Procurement of the Housing Management & Maintenance Contract**

## **Summary statement:**

This report is provided to advise members of a forthcoming tender opportunity, Housing Management & Maintenance Contract, with a value in excess of £2 million in line with the requirements of Contracts Standing Orders (CSO 7.2.1) prior to the commencement of the procurement process.

## **EQUALITY & DIVERSITY:**

Compliance with Equality Act 2010 is embedded in the Council's procurement process and requirements. The provision of new and good quality affordable housing in the District has a positive impact on those groups and individuals who suffer multiple disadvantages associated with inadequate housing. The Council's housing stock provides for enhanced accessibility standards meaning they are suitable for people with a disability and more flexible and adaptable to meet the needs of current and future generations. Living in good quality housing and a safe, well designed neighbourhood improves life chances in terms of health, employment and educational outcomes.

We will ask the successful provider to embed equality into their service provision. We will aim to contract and commission locally wherever possible so that we can support our local economy and offering high-quality services while delivering equitable services that are value for money.

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## 1. SUMMARY

1.1 This report provides an update on the commissioning of the Housing Management & Maintenance contract (HMMC) that is due to end on 31 March 2024.

1.2 The procurement process will be conducted in line with the requirements of the 2015 Public Contract Regulations.

1.3 The current contract was commissioned by the Housing Development team and the incumbent supplier is Incommunities Group Limited.

1.4 For the purposes of this report it is important to distinguish between this contract and the Extra Care scheme. The Extra Care Housing Management contract is delivered by the Mears Group and this contract ends in September 2025. It is therefore not in scope at this point.

## 2. BACKGROUND

2.1 The Council has been a major contributor to the delivery of affordable homes in the District. The Housing Development and Enabling Team started to deliver new Council housing back in 2010. This was at a time when affordable housing delivery was at a low point following the recession and the Council wanted to demonstrate leadership to the sector by taking an active role in increasing the supply. The new build programme included some market sale units on sites where market analysis and intelligence demonstrated demand for market sale units. The capital receipts from the sales were directed back into the development programme. In total, 475 homes have been delivered; of which 428 are affordable homes for rent. The Council now owns 428 properties across the District as properties have been sold following tenants exercising their Right to Buy.

2.2 The table below summarises the extent of affordable homes for rent across the various Affordable Homes programmes by funding regime:

<b>Programme</b>	<b>Sites</b>	<b>No. Affordable</b>
Pre 2011	Longfield Drive	95
	Beech Grove	
2011-15	Canary Drive	81
	Fieldway	
	Valley Drive	
	Ripley Street Phase 1	
2015-18	Ripley Street Phase 2	252
	Cliffe Lane, Baildon (Phase 1)	
	Cliffe Lane, Baildon (Phase 2)	
	Keighley Road, Oakworth (Houses)	
	Keighley Road, Oakworth (Extra Care)	
	Braithwaite Road	
	Avenham Way	
	Clergy House/Jermyn Court (Horton Housing)	
Cliffe Lane 1 + 2 (additional units)		
2023	Local Authority Housing Fund	24*

	properties	
	<b>TOTAL</b>	<b>452*</b>

\*Subject to change as additional properties are acquired using the LAHF funding.

2.3 The table shows that a total of 452 affordable homes for rent have been delivered since the new build programme started. It should be noted that the Clergy House/Jermyn Court project comprised of 18 self-contained flats providing temporary accommodation to homeless households. These flats are leased to Horton Housing from the Council to deliver the Homeless Housing Related Support Contract, and therefore sits outside the Council's housing stock i.e. not covered by the Housing Revenue Account.

2.4 The management of the Council's 69 units Extra Care Scheme at Fletcher Court, will not be included in this tender as the Extra Care Housing Management contract is delivered by the Mears Group and this contract ends in September 2025.

2.5 The new build programme included 47 market sale units on sites where market analysis and intelligence demonstrated demand for market sale units. Again these properties are not included in the housing management contract.

2.6 Since 1 April 2023, the Council now holds a Housing Revenue Account and this was due a change to Government policy on Housing Revenue Accounts.

2.7 The HMMC contract was awarded on 1 June 2016 and has operated for more than five years to date. The contract was awarded to Incommunities Group Limited through a competitive tender process.

2.8 The Council is in the process of purchasing 24 new affordable homes for Ukraine and Afghan households to support their move on. The purchase of these properties is funded through the Government's Local Authority Housing Fund and the management of the properties will be included in this tender.

### **Proposed HMMC tender package**

2.9 We propose to tender the next contract for a period of five years taking into account the requirements under Section 27 of the Housing Act 1985 (see legal section 6).

Elements will include:

2.10 Housing Management – the successful contractor will be expected undertake all activities that relate to managing a home on behalf of the Council. This includes but not limited to: lettings and allocations, void management, tenancy sign up, assistance with rent claims and benefit application, providing appropriate tenancy support and managing the tenancies, rent collections, dealing with current debt/arrears and anti-social behaviour, neighbourhood issues, tenancy enforcement, customer service - providing information and advice and support, neighbourhood housing management, successions, dealing with tenant complaints.

2.11 Cyclical Maintenance and Regulatory Compliance - the successful contractor will be expected undertake all activities that relate to cyclical maintenance and regulatory compliance on behalf of the council. This includes but not limited to: regular inspections to

ensure safety and compliance with relevant legislation, and life-cycle management such as Gas servicing, MVHR servicing, Electrical Installation Condition Report (EICR) – required every 5 years and Fire Risk Assessment and Remedial.

2.12 Responsive Repairs - the successful contractor will be expected undertake all activities that relate to ongoing property maintenance and repairs on behalf of the Council. This includes but not limited to: logging repair reports, assessing the repairs and identifying minor and major repairs, carrying out the repairs in a timely manner and within the allocated response times. For major repairs referring these to the Council for approval.

2.19 The proposed timeline for procurement of the contract is:

- May and June 2023 - Preparation of specification document in consultation with the partners
- July 2023 - Issue Prior Information Notice
- July 2023 – Report to Executive Committee
- July 2023 - Report to the Overview and Scrutiny Committee
- 3<sup>rd</sup> Aug 2023 – Soft market test with potential providers
- Late August – Release the Invitation to Tender to the UK e-notification service – Find a Tender Service
- Late September 2023 - Tender period to close
- Mid-Oct 2023 – Evaluation of the bids
- Late Oct 2023– Standstill period
- Nov 2023 - Contract awarded
- December – March 2024 - Mobilisation and implementation
- 1 April 2024 - Contract start

### **3. OTHER CONSIDERATIONS**

3.1 The Council's original housing stock was transferred to an independent Housing Trust, Bradford Community Housing Trust (now Incommunities) in 2003 by way of Large Scale Voluntary Transfer. They are the biggest social housing landlord operating in the district.

3.2 The Council is keen to facilitate and increase its housing stock portfolio and are actively exploring how it can best support this ambition and wider regional priorities through the use of acquisitions, own land; direct delivery programme or via collaborative working with developers and housing providers. Any new or acquired additional properties will be added to the HMMC.

3.3 The in-house option to deliver the service was considered, but with a lack of in-house expertise and capacity and with a small holding of 428 properties it was not deemed financially viable to deliver in-house. This will be reviewed if and when our stock increases to the level where it becomes viable.

### **4. FINANCIAL & RESOURCE APPRAISAL**

4.1 The Council's Contracts Standing Orders require contracts with a value in excess of £2m be reported to the relevant Overview and Scrutiny Committee. The procurement proposals set out in this report will be carried out in accordance with the standing orders.

4.2 Given the value of the service the procurement will need to comply with the Public Contracts Regulations 2015. The public procurement threshold for supply of services will be £213,477 (inclusive of VAT) from 1 January 2022.

4.3 The contract term will be for 5 years with potential to increase and this will be fully funded from the Housing Revenue Account.

4.4 The procurement will be led by the housing team with support from the procurement, finance and legal teams.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

5.1 The risks for this contract are low as the management contract is funded from rental income.

5.2 The contract will be managed by the Housing Development team, with regular reports taken to the Portfolio holder who will provide oversight and accountability that defines and controls the outputs, outcome and benefits of the scheme.

5.3 The following risks have been identified:

- The Council is unable to meet our obligations to the tenants due to no contractor bidding for it.
- The contract price makes the contract unviable
- The commissioned partner could fold and therefore be unable to provide the service.
- Any future pandemic activity could affect the contract
- Global events may lead to the contract becoming unviable.

5.4 To mitigate the risks, we will set out a Risk Management Plan and conduct regular reviews.

## **6. LEGAL APPRAISAL**

6.1 The procurement exercise will be carried out in accordance with Contract Standing Orders and Public Contract Regulations 2015.

6.2 The Public Procurement (Agreement on Government Procurement) (Thresholds) (Amendment) Regulations 2021 (the 2021 Regulations) sets out the changes to the financial thresholds under UK public procurement regulations. The 2021 Regulations came into force on 1 January 2021. The financial threshold for the procurement of services is £213,477 (inclusive of VAT) from 1 January 2021.

6.3 Housing Act 1985 – Section 27

Section 27 of the Housing Act 1985 (HA 1985) requires the approval of the Regulator of Social Housing (the regulator) to the making of or in certain circumstances the variation of management agreements by a local housing authority where the agreement is for more than five years' duration.

## **7. OTHER IMPLICATIONS**

### **7.1 SUSTAINABILITY IMPLICATIONS**

The procurement tender documents and specification have been updated to ensure that they include details of the Council's commitment to reducing its carbon footprint through promoting sustainable best practice and through working with providers who are actively taking steps to minimise the impact of their activities on the environment.

### **7.2 GREENHOUSE GAS EMISSIONS IMPACTS**

By undertaking a tendering exercise, the commissioners will seek to minimise future environmental impact through selection and contract management of suppliers who propose sustainable and environmentally friendly service provision and that manage their work activities to minimise any environment impact through energy/resource.

Most of the properties delivered through the Council's new build programme have been designed and constructed using 'Fabric First' principles; concentrating on improving the airtightness of the building fabric and the thermal performance of the structure results in reduced heat loss, carbon emissions and ultimately, savings on energy consumption thereby helping to minimise running costs to tenants. Electrical vehicle charging points have been included within all our recent developments. Further, many of the properties benefit from a Mechanical Ventilation Heat Recovery (MVHR) system. It provides a constant supply of fresh filtered air for a healthier indoor air quality environment but also contributes to a reduced carbon footprint. The MVHR is designed to recover and re-use up to 95% of the waste heat within the property and filters the incoming fresh air. This is reputed to result in improvements for asthma sufferers but also benefits those with bronchitis, hay fever and chronic obstructive pulmonary disease (COPD). Further, it is reported that an MVHR helps to control moisture and condensation reducing instances of damp and mould growth, known to affect health and wellbeing.

### **7.3 COMMUNITY SAFETY IMPLICATIONS**

There are no direct community safety implications; however the delivery of housing growth and regeneration does seek to support the creation of safe, welcoming and sustainable neighbourhoods.

### **7.4 HUMAN RIGHTS ACT**

There are no significant implications.

### **7.5 TRADE UNION**

There may be TUPE implications if the current contractor decides not to bid or is unsuccessful and appropriate legal support will be sought to mitigate the risks for the Council.

### **7.6 WARD IMPLICATIONS**

There are no specific ward implications as council housing stock is district-wide. Any future focus on increasing supply and will be led by land availability and intelligence on sites.

Increasing housing supply that meets the needs and aspirations of the district will however generate social and economic benefits across all wards and localities.

#### **7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS**

None

#### **7.8 IMPLICATIONS FOR CORPORATE PARENTING**

Not applicable.

#### **7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

Tender documents and the specification have all been brought up to date with the latest requirements of the General Data Protection Regulations (GDPR), Data Protection Act 2018 and the Council's technical security requirements for Data, Information Systems & Confidentiality.

The tender documents will not include any personal information.

#### **8. NOT FOR PUBLICATION DOCUMENTS**

None

#### **9. OPTIONS**

No options are being presented in this report.

#### **10. RECOMMENDATIONS**

That the report be noted and that Members comment on the proposals for the commissioning of the Housing Management and Maintenance contract.

#### **11. APPENDICES**

None

#### **12. BACKGROUND DOCUMENTS**

<https://www.gov.uk/government/publications/section-27-approval-for-local-authority-housing-management-agreements>