

Decision Maker: EXECUTIVE

Date: For Pre-Decision Scrutiny by the Renewal, Recreation and Housing Policy Development and Scrutiny Committee on 31 January 2024.

Decision Type: Non-Urgent Executive Key

Title: HOUSING MANAGEMENT CONTRACT (AWARD) PART 1 (PUBLIC) REPORT

Contact Officer: Michelle Bowler – Head of Housing Schemes
Tel: 0208 464 3333 E-mail: michelle.bowler@bromley.gov.uk

Chief Officer: Sara Bowrey, Director of Housing, Planning, Property and Regeneration
Tel 0208 313 4013 E-mail: sara.bowrey@bromley.gov.uk

Ward: All Wards

1. Reason for decision/report and options

- 1.1 In September 2023, the Council's Executive granted approval to proceed to procurement via a compliant open tender for the housing management and associated services contract in relation to the Bromley owned residential portfolio.
- 1.2 The tender did not secure any suitable bids and so, in compliance with the relevant procurement regulations, a negotiated process was entered into. This report details the outcome of the unsuccessful competitive tender, the subsequent negotiated process and recommends the proposal to proceed to award the contract as detailed in the Part 2 report.
- 1.3 To allow for an effective handover between the incumbent provider (Pinnacle) and the proposed incoming party, and with due regard to TUPE regulations, officers are seeking approval of an extension of terms with Pinnacle for a period of 12 weeks commencing 1st April 2024 and expiring 30th June 2024.
-

2. RECOMMENDATION(S)

- 2.1 The Renewal, Recreation and Housing PDS Committee is asked to note the report and provide its comments for consideration by the Council's Executive.
- 2.2 The Council's Executive is recommended to:
- 1) Approve the short extension of terms with Pinnacle for a period of 12 weeks commencing 1st April 2024 and expiring 30th June 2024 at an estimated value set out in the accompanying Part 2 report;
 - 2) Approve award of contract in principle, as detailed in the accompanying Part 2 report;

- 3) Grant delegated authority to the Director of Housing, Planning and Regeneration to finalise the award of contract subject to heads of terms being agreed, in agreement with the Director of Corporate Services and the Director of Finance; and,**
- 4) Grant delegated authority to the Director of Housing, Planning and Regeneration, subject to agreement with the Assistant Director: Governance and Contracts, the Director of Corporate Services, the Director of Finance and the Portfolio Holder for Renewal, Recreation and Housing, to apply the extension option in due course.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The accommodation provided ensures that the Council is able to meet its statutory responsibilities in respect of housing. The Housing Management Contract is to ensure that socially owned stock is managed appropriately and that Bromley residents are able to live in affordable, good quality and well-maintained homes.
-

Transformation Policy

1. Policy Status: Existing Policy: The Housing Management Contract will support existing priorities set out in the Council's Housing Strategy to support Bromley Residents into settled homes.
 2. Making Bromley Even Better Priority
 - (1) For children and young People to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
 - (2) For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
 - (3) For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
 - (4) For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
 - (5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Detailed in part 2 report
 2. Ongoing costs: Detailed in part 2 report
 3. Budget head/performance centre: Operational Housing
 4. Total current budget for this head: £8.4m
 5. Source of funding: LBB General Fund or Housing Revenue Account
-

Personnel

1. Number of staff (current and additional): (insert no.) Three additional as set out in report number FSD24001 draft 2024/2025 budget and update on Council's financial strategy 2025/26 to 2027/28 dated 17th January 2024.
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable
-

Procurement

1. Summary of Procurement Implications: See section 6 of this report.
-

Property

1. Summary of Property Implications: See section 7 of this report.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
-

Impact on the Local Economy

1. Summary of Local Economy Implications: Not Applicable.
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: Not Applicable.
-

Customer Impact

1. Estimated number of users or customers (current and projected): At present there are 76 Beehive units, 15 Bromley owned street properties, 60 HRA units alongside Manorfields multi-unit facility. There are a further 49 units on site and currently in the development phase with a further 78 units identified in the pipeline.
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 In September 2023 officers submitted a report to the Executive (HPR2023/048) which outlined the Council's current Housing Management Contract provided by Orchard & Shipman (now Pinnacle) and set out options for future procurement.
- 3.2 This report detailed the significant market engagement undertaken by the Council prior to proceeding to formal tender. In January 2023, officers proceeded with a soft market test exercise seeking to engage with suppliers in an informal discussion to assist the Council in developing appropriate procurement documentation, understand whether the market has experience of delivering similar services and what appetite there is to bid for a contract of this nature and size.
- 3.3 The soft market test questionnaire was published on 6th January 2023 however due to a very low response rate this was considered unsuccessful; this exercise was repeated in May 2023. Whilst again limited responses were received, the content of those responses enabled officers to identify key themes e.g., the desired length of contract, the services currently available in the market and elements of the proposed portfolio that may require more specialist management expertise.
- 3.4 Officers collated a detailed specification identifying the core services to manage the housing stock, as well as providing flexibility to add additional properties or removing sites as they are agreed by the Council for either development or disposal as the Council continues to work through its Transformation Programme.
- 3.5 The intention being, that the Council will remain the statutory landlord responsible for the long-term asset management of the HRA portfolio, with a Contractor appointed as managing agent to provide and deliver a range of operational housing services.
- 3.6 As a provider of Social Housing the Council were seeking to award a contract to a Registered Housing Provider who had no enforcement action against them with the Regulators. In addition to this requirement and given the nature of this contract, the Council were also seeking a provider who could demonstrate the ability to provide the necessary services and who, preferably, would have a local base within or near to the Borough.
- 3.7 On the 2nd October 2023 the Council commenced a formal tender exercise via a 1-stage open process seeking a housing management partner to deliver a wide range of services for the Councils owned housing stock and leased properties.
- 3.8 The formal tender process closed 2nd November 2023, following formal evaluation of bids received, the Council were unable to progress with an award of contract, having assessed the tender responses as being unsuitable and not meeting the necessary threshold for progression. The accompanying part 2 report contains further detail on this process.
- 3.9 Under procurement regulation Section 32 Paragraph 2A, the Council entered negotiated discussions with a selection of registered housing providers identified by the service through prior market engagement. These discussions progressed at a good rate of pace and in December 2023 the Director of Housing, Planning and Regeneration, Assistant Director of Housing alongside the Head of Housing Schemes identified the preferred supplier.
- 3.10 Whilst substantial efforts have been made to expedite the above process, due to the complexity and nuances of the contract and portfolio therein, negotiated discussions are ongoing with the preferred supplier, with officers anticipating to finalise heads of terms in the coming weeks.

- 3.11 In light of this, and with due regard to TUPE regulations and Procurement regulations, the Council have discussed with the incumbent provider to extend the contract for a maximum period of 12 weeks commencing the 1st April 2024 and expiring 30th June 2024. This short extension is to ensure continuation of services to Bromley residents, to allow heads of terms to be agreed and to provide support to the proposed new provider during the mobilisation period.
- 3.12 As referenced in report (HPR 2022/050), (HPR2023/048) and set out in the draft budget report number (FSD24/001) a proposal has been submitted outlining the additional staffing resources required to support this and the other Bromley Housing Schemes, which outlines the requirement to recruit a permanent Head of Service post and at least 2 additional support officers.
- 3.13 Further information relating to the preferred supplier and financial information therein can be found in the accompanying part 2 report.

4. FINANCIAL IMPLICATIONS

- 4.1 This report recommends that Executive approves the short extension of terms with Pinnacle for a period of 12 weeks commencing the 1st April 2024 and expiring 30th June 2024 at an estimated value detailed in Part 2 of this report. This contract extension will be funded from the 2024/25 Operational Housing revenue budget.

5. LEGAL IMPLICATIONS

- 5.1 This report seeks approval to:
- i) Approve the short extension of terms with Pinnacle for a period of 12 weeks commencing 1st April 2024 and expiring 30th June 2024 at an estimated value as set out in the accompanying Part 2 report to allow for an effective handover between the incumbent provider (Pinnacle) and the proposed incoming party;
 - ii) Approve award of contract in principle for the housing management and associated services contract in relation to the Bromley owned residential portfolio, as detailed in the accompanying Part 2 report;
 - iii) Grant delegated authority to the Director of Housing, Planning and Regeneration to finalise the award of contract subject to heads of terms being agreed, in agreement with the Director of Corporate Services and the Director of Finance.
 - iv) Grant delegated authority to the Director of Housing, Planning and Regeneration, subject to agreement with the Assistant Director Governance and Contracts, the Director of Corporate Services, the Director of Finance and the Portfolio Holder for Renewal, Recreation and Housing, to apply the extension option in due course.
- 5.2 The background to this is set out in report (HPR2023/048). In September 2023 Executive granted approval to proceed to procure via a compliant open tender for the housing management and associated services contract in relation to the Bromley owned residential portfolio. Following evaluation of bids received, the Council were unable to progress with an award of contract, having assessed the tender responses as being unsuitable and not meeting the necessary threshold for progression. The accompanying part 2 report contains further detail on this process. The council utilised Regulation 32 2A of the Public Contracts Regulations 2015 (PCR) and entered negotiated discussions with a selection of registered housing providers and in December 2023 a preferred supplier was identified.
- 5.3 The Council has certain legal duties and powers towards persons to whom the council provides housing tenancies to under the Housing Act 1985 and must comply the regulatory

requirements and standards set by the Regulator of Social Housing under the Housing & Regeneration Act 2008 and the Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010. The Council therefore have the legal power to manage those tenancies and to enter a contract with a provider for the provision of general housing management services.

- 5.4 Regulation 72 of the PCR allows contracts to be modified during their term provided the requirements in regulation 72 are met. A contract extension of this value may be authorised in accordance with the requirements set out in CPR 13.1.
- 5.5 This is a services contract for the purposes of the PCR and as the estimated value exceeded the relevant threshold under the Regulations, the Council was required to carry out a fully compliant Procurement exercise. As the report states, the tender responses received were not suitable and did not meet the council's threshold for progression. Two of the three responses received did not meet the minimum requirements and did not provide sufficient information and were therefore deemed to be non-compliant. The third tender response was evaluated but, based on the information submitted did not meet the minimum quality evaluation scoring threshold and was therefore deemed to be a failed bid.
- 5.6 Regulation 32 2 (a) of the PCR allows contracting authorities to award public contracts by a negotiated procedure without prior publication where no suitable tenders have been submitted in response to an open procedure. 32 (3) (b) of the PCR states a request to participate shall be considered not to be suitable where the economic operator concerned (ii) does not meet the selection criteria.
- 5.7 The Council Procedure Rules (CPR's) allow for a direct award to be made provided it is in compliance with the PCR's. For a contract award of this value Chief Officer approval is required in Agreement with the Director of Corporate Services, Assistant Director Governance & Contracts and Director of Finance and the approval of the Executive.
- 5.8 Procurement colleagues have confirmed the actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

6. PROCUREMENT IMPLICATIONS

- 6.1 This report seeks permission for a short extension of terms for a period of 12 weeks commencing the 1st April 2024 and expiring 30th June 2024 at a value set out in Part 2 of this report.
- 6.2 This report further seeks to award a contract to a preferred supplier for a period of ten Years with an option to extend for a further period of 5 Years, at an estimated value set out in Part 2 of this report.
- 6.3 The Council undertook an Open process, that was unsuccessful, receiving no suitable bids. Under Regulation 32 of the Public Contract Regulations, the Council has negotiated with a suitable provider for the provisions of this service.
- 6.4 This is a services contract and the value of this procurement falls above the thresholds set out in Part 2 of the Public Contracts Regulations 2015, and was undertaken in compliance with the Regulations.
- 6.5 The Council's requirements for authorising an award of contract are covered in CPR 16. For a contract of this value, the Approval of the Executive following Agreement by the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the

Director of Finance must be obtained. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.

- 6.6 Following the decision, a Find A Tender Award Notice will be issued and, as the contract value is over £30,000 including VAT, an award notice will need to be published on Contracts Finder. A mandatory standstill period will need to be observed.
- 6.7 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

7. PROPERTY IMPLICATIONS

- 7.1 Strategic Property have been consulted as part of this process and confirm that they support the recommended approach. Strategic Property will work with the Provider and the wider Council to develop/implement Asset Management Strategy, subject to the necessary approvals. There will also need to be future consideration given to resource implications as part of the agreement of the Asset Management Strategy

8. CUSTOMER IMPACT

- 8.1 At present there are 76 Beehive units, 15 Bromley owned street properties, 60 HRA units alongside Manorfields multi-unit facility. There are a further 49 units on site and currently in the development phase with a further 78 units identified in the pipeline.

Non-Applicable Headings:	Ward Councillor Views, Impact on the local economy, Impact on health and wellbeing, Carbon reduction/social value, Personnel Implications
Background Documents: (Access via Contact Officer)	Housing Management Procurement option HPR 2022/050 Housing Management Contract (Approval to proceed to tender) HPR2023/048 Draft 2024/2025 budget FSD24/001