

Cabinet

18 November 2025

Gateway 1 Procurement Commencement: HRA Estate Services Communal Cleaning for General Needs and Homes for Independent Living (Hfil)

Portfolio Holder: Councillor Louwella Prenter, Portfolio Holder for Housing and Homlessness

Report from: Adam Bryan, Director of Place

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Procurement Overview

Total Contract Value (estimated): £3,050,000.00 (Based on 5 years)

Regulated Procurement: Yes

Proposed Contract Term: 5 years with an option to extend for a further 5 years.

Summary

This report seeks permission to commence the procurement of the HRA Estate Services Communal Cleaning Contract. The cleaning of communal areas within the general needs properties and the HFIL schemes.

1. Recommendation

- 1.1. The Cabinet is asked to approve commencement of the procurement of Communal cleaning to the HRA flatted blocks & HFIL Schemes as per the preferred option identified in paragraph 7.4.1. of the report.

2. Suggested reasons for decisions

- 2.1. Following a 5+5 year contract with Norse Commercial Services, it is advised to test the open market to ensure that value for money is achieved.

3. Budget & Policy Framework

- 3.1. The current contract for communal cleaning in the general needs properties expired on 4 October 2025. A Gateway 4 report has been submitted to gain approval to extend this contract until 31 March 2026. It is therefore urgent to start the tender process as soon as possible. The contract for the communal cleaning to the HFIL schemes expires on 31 March 2026. The communal cleaning to the HFIL schemes is currently delivered under the corporate Norse contract. Housing Services want to amalgamate both contracts to hopefully achieve value for money.

4. Background Information and Procurement Deliverables

4.1. Background Information

- 4.1.2. The HRA has a responsibility as a Local Authority landlord to ensure that communal areas that the Council own are kept clean and tidy. Norse have delivered the current communal cleaning contract for the past ten years to the HRA general needs flatted blocks and the last 8 years for the HFIL schemes, through the corporate contract with Norse. This includes internal and external services. Norse have eight full time operatives (Estate Wardens) delivering the communal cleaning in general needs blocks & six part time HFIL cleaners, delivering communal cleaning to the schemes.

4.2. Procurement Deliverables

- 4.2.1. As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

| Outputs / Outcomes | How will success be measured? | Who will measure success of outputs/ outcomes | When will success be measured? |
|-----------------------|---|--|--|
| Customer Satisfaction | Estate/Scheme Satisfaction cards. Big Door Knock events, Leaseholder Forum / Tenant Panel | Tenant Services Operational Manager | Monthly Operational meetings / Resident Forum meetings |
| Apply service charges | Annual service charge accounts to leaseholders and on tenant rent accounts | Head of Tenant Services and principal accountant | Annually when budgets are set each February |

| Outputs / Outcomes | How will success be measured? | Who will measure success of outputs/ outcomes | When will success be measured? |
|---|--|---|---|
| High performing service and achievement of KPIs | Performance Matters | Data and Insight Team | Monthly Operational meetings |
| Local labour | Employment Training Plan at Strategic Quarterly Meetings | Tenant Services Operational Manager | Quarterly Strategic Meetings with Contractor |
| Sustainability and Environment | Monitoring of Sustainability Plan | Tenant Services Operational Manager | Quarterly Strategic Meetings with Contractor |
| Health and Safety | Contractor monitoring meetings | Tenant Services Operational Manager | Contractor's regular in-house H&S Audits reported to strategic meetings HRA Property Services Compliance Manager |
| Development of Operatives using PDAs | Monthly reports from the contractor. | Tenant Services Operational Manager | Monthly Operational meetings |
| Client Satisfaction & Post Inspections | Performance Matters Framework | Tenant Services Operational Manager | Monthly Operational meetings |

5. Parent Company Guarantee/Performance Bond Required

- 5.1 Lead Officer requests that the Parent Company Bond be waived, PCG Bonds would potentially prohibit small to medium providers to bid for the contract (pool of potential providers already expected to be limited). In addition, the funding is via service charges from HRA Tenants and leaseholders.

6. Procurement Dependencies and Obligations

6.1. Project Dependency

- 6.1.1. This project is standalone, with no linkage to any other procurement projects or procurement programmes, or a procurement project that is dependent upon and/or connected to other procurement projects/programmes.

6.2. Statutory/Legal Obligations

As a landlord the Council has various mandatory, statutory and legal obligations it must meet. These include:

- Section 11 Landlord and Tenant Act 1985 (setting out the Council's repair obligations) where applicable.
- Various Health & Safety legislation to maintain properties in a safe manner.
- The Control of Asbestos Regulations 2012.
- Tenants' handbook (sets out the Council's obligations and timescales).
- The landlord covenants on the part of the Council contained in leases granted by the Council.
- Health and Safety at Work Act 1974.
- Control of Substances Hazardous to Health Regulations 2002.
- The Management of Health and Safety at Work Regulations 1999.

6.3. Procurement Project Management

- 6.3.1. The management of this procurement process will be the responsibility of the Category Management team.

6.4. Post Procurement Contract Management

- 6.4.1. The management of any subsequent contract will be the responsibility of the Tenant Services Operational Manager.
- 6.4.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs that support the delivery of the

project outcomes as outlined in 4.2.1 will be included in the tender and will form part of any subsequent contract.

| Title | Short Description | %/measurement criteria |
|--------------------------------------|--|-------------------------------------|
| Estates Passing Quality Inspection | Tenant Services Operational Manager to carry out visual inspections | 50 Inspections per QRT |
| Customer Satisfaction | Resident Satisfaction Cards. BDK survey. Tenant satisfaction Measures | 160 cards to be delivered per month |
| Stage one Complaints | Satisfaction based on the number of stage one complaints. | No more than 3 per month |
| Services delivered on time | To ensure published cleaning times are delivered and adhered to. | 90% to be delivered on time |
| Fly-Tipped waste to be removed. | To removed fly-tipped waste from any communal area as to not breach the FRA. | 100% |
| Offensive graffiti to be removed | To remove offensive graffiti within timeframe | 1 working day |
| Non-Offensive graffiti to be removed | To remove Non-offensive graffiti within timeframe | 5 x working days |

6.4.3. The KPIs as denoted within paragraph 6.4.2 will be monitored on a Quarterly basis by the Tenant Services Operations Manager. Measures not performing will be reported to the next available Governance group / Portfolio meeting for discussion and agreed remedial action.

7. Market Conditions and Procurement Approach

7.1. Market Conditions

7.1.1. Whilst the submarket is highly competitive, fewer bids are expected for larger contracts which cover many schemes. This is due to capacity, insurance, compliance systems and quality assurance. This means that market conditions are limited.

7.2. Procurement Options

7.2.1. The following is a detailed list of options considered and analysed for this report:

7.2.2. **Option 1 – Do nothing:** The contract will expire and there will be nothing in place for communal cleaning. This is not viable because of the Council's duty as a landlord to keep communal areas clean and tidy.

- 7.2.3. **Option 2 – Extend the current contract:** The 5+5 year contract expired on 4 October 2025. Gateway 4 has been prepared to extend the contract until 31 March 2026. As this is a service chargeable to the HRA Tenants and Leaseholders, we need to prove value for money. The last time this contract was procured was 2015. Therefore, a further extension is not appropriate.
- 7.2.4. **Option 3 – Utilise a framework or existing contract to meet this need:** Housing Services approached the current service provider and received a quotation to extend the contract. The cost was considerably higher from 2020 when last reviewed. We could use the existing Teckal Agreement / Exemption, but this would not prove value for money for our residents.
- 7.2.5. **Option 4 – Competitive procurement:** This is our preferred option, to go out to competitive tender, as it would prove value for money, to test the open market, for our residents.

Open (single stage) Procedure:

Advantages: This will encourage the greatest level of competition from the market and could offer opportunities for apprenticeships and local businesses.

Ensures fairness and transparency to the tendering process, and ensures the Council complies with its own Contract Procedure Rules and EU regulations, as the value of this contract will exceed the OJEU threshold for a services contract. This will also comply with Landlord and Tenants Act 1985 Section 20 which states at least two estimates should be sought when carrying out works that will appear in leaseholders' service charges.

This service is funded via service charges paid by HRA tenants and leaseholders. It is essential that the Council is able to illustrate to tenants & leaseholders that the service represents value for money. Carrying out an open tender exercise for the new service would provide a strong value for money argument, were tenants or leaseholders to argue otherwise.

It is also hoped that by going out to tender, the tenders will suggest innovative and different ways of providing the communal cleaning service. Allowing tenders from several experienced cleaning service providers will ensure that the Council can consider various different and innovative solutions and choose the most effective and value for money service provision.

Disadvantages:

The procurement process will lengthen the total project programme, although the completion target 31 March 2026 should be achievable. Failure to follow this option could mean the Council breaches procurement rules.

7.2.5.1. Competitive Flexible (multi-stage) Procedure:

Advantages A more comprehensive procurement process;

Disadvantages Having more than a single stage would lengthen the process and we would not achieve a new service provider by 31 March 2026.

7.2.5.2. Subject to approval, it is proposed the Competitive Open procedure is designed as follows:

| Stage / Activity | Indicative Date |
|-------------------------------------|--------------------------------|
| Procurement Board – Gateway 1 paper | 3 rd November 2025 |
| ITT papers issued | 10 th November 2025 |
| Evaluation of tenders | 8 th December 2025 |
| Presentations and/or interviews | 11 th December 2025 |
| Cabinet – Gateway 3 paper | 26 th January 2026 |
| Contract award / contracts | 30 th January 2026 |
| Contract start date | 1 st April 2026 |

7.2.6. **Option 5** – The remaining option would be to employ a DLO. This would be extremely costly to set up. Housing service did have this option prior to October 2015. The reason to tender was due to high-cost service with poor customer satisfaction.

7.3. Contractual synergies

7.3.1. Medway Council have a corporate caretaking service with Medway Norse whereby the caretaking staff clean the council buildings. The viability of combining these contracts has been explored, however it was considered unfavourable to pursue this option due to concerns around appetite from potential bidders and also in providing value for money to our tenants and leaseholders.

7.4. Advice and analysis

7.4.1. Option 4 with a single stage competitive procurement is the preferred option. This will ensure that the market is tested and that value for money is achieved. It will also ensure fairness and transparency, along with compliance of the Council's own procedural rules. This option also aligns with the timeframe remaining until 31st March 2026.

7.4.2. It is recommended that the contract length be a 60-month term with the option to extend for 60 months by mutual agreement.

7.5. Evaluation Criteria

7.5.1. Whilst not finalised at this stage, officers propose to evaluate bidders against the following quality criteria within the tender.

| # | Question | Weighting (%) | Purpose |
|---|---|---------------|--|
| 1 | Cost | 40% | Overhaul cost in delivering the service |
| 2 | Deliverability | 15% | To ensure that the contractor has the resources to be able to deliver the contract for the proposed term length |
| 3 | Competency | 15% | To ensure that the contractor is competent to deliver the contract for the proposed term length |
| 4 | Fulfilling contract requirements | 10% | To ensure that the contractor has the ability to fulfil all aspects of the contract for the proposed term length |
| 5 | Resident liaison, sustainability and social value | 10% | To ensure that sustainability, customers and social value is at the forefront of what the contractor does for the proposed term length |
| 6 | Interviews | 5% | Contractors will be interviewed by a variety of key stakeholders as part of the procurement process. |
| 7 | Social Value | 5% | For the contractor to contribute to Housing Services Social Value fund for the benefit of our residents. |

8. Risk Management

8.1. The following risk categories have been identified as having linkage to this procurement project.

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|------------------|---|---|-------------|
| Service delivery | Customer satisfaction reduces during the start of the new contract; quality of work drops and frontline performances dips | Regular operational meetings will take place with the preferred contractor to agree KPIs around customer satisfaction and service delivery and to measure performance. A robust mobilisation plan will be agreed with the contractor to ensure continuity | CII |

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|-------------------|---|--|-------------|
| | | of service and maintain current high performance levels | |
| TUPE arrangements | Transfer of the Norse Estate Wardens & HFIL Cleaners team to the preferred contractor | Clear roles and responsibilities will be agreed during the mobilisation period, as well as clear processes and procedures to be agreed by both parties in the partnership. The team being transferred will have full induction with the preferred contractor | CIII |
| Financial | Budgets exceeded – performance affected, and contract is viewed as failing by senior members of both teams | Commercial model and open book accounting reviews. Regular budgetary reviews; contractor to take greater responsibility for budgetary controls | CII |
| Reputational | Ineffective or poorly managed contract may lead to poor levels of customer satisfaction, leading to increased queries or complaints to Members. Additionally, | Effective and robust management arrangements in place for contract management with suitably skilled staff | CII |

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|-------------------|--|---|-------------|
| | tenants may perceive Members to be at fault in terms of poorly managed service. There is significant potential for adverse media coverage with reference to historical poor performance. | | |
| Contract Delivery | Contract does not commence on 1 st April 2026 | Ensure that milestones are achieved through robust process management | CII |

For risk rating, please refer to the following table:

| Likelihood | Impact: |
|---|--|
| A Very likely B Likely C Unlikely D Rare | I Catastrophic II Major III Moderate IV Minor |

9. Consultation

9.1. Internal (Medway) Stakeholder Consultation

- Category Management
- Finance Services
- Legal Services
- HRA Management Team

9.2. External Stakeholder Consultation Leaseholder Consultation

- 9.2.1. Section 20 Landlord and Tenant Act 1985 provides that Medway Council as the landlord is obliged to consult with the tenants of any properties, which are subject to long leases, before entering into a long-term agreement for the provision of services. The new

procedures provide for two separate 30-day periods for leaseholders to make observations.

9.2.2. All leaseholders need to be notified of Medway's intention to start the procurement process prior to the notice being published.

9.2.3. Tenants and Leaseholders will also be consulted on the development of the specification, at regular forum meetings. Residents will be represented on the interview panel.

10. Service Implications

10.1. Financial Implications

10.1.2. This service is to be funded in full by service charges from tenants and leaseholders.

10.2. Legal Implications

10.2.1. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

10.2.2. The process described in this report complies with the Procurement Act 2023 and Medway Council's Contract Procedure Rules

10.3. TUPE Implications

10.3.1. TUPE will apply to this procurement process with 8 employees affected.

10.4. Procurement Implications

10.4.1. This contract will be procured in accordance with the Procurement Act 2023 and associated regulations. The competitive process is above the threshold, a Tender Notice will be required.

10.4.2. The GW4 highlighted declining engagement from residents regarding feedback in relation to customer satisfaction. This negatively impacted the KPI. This has been addressed with additional feedback options.

10.5. ICT Implications

10.5.1. None.

10.6. Climate Change implications

10.6.1. Carbon neutrality (particularly emission reductions) will be designed into the tender and evaluation process. Tenderers will be required to evidence how their approach to fleet management will reduce emissions, demonstrate a general promotion of green energy, and

achieve the FORS silver accreditation. Single use plastic policies will also be required.

10.6.2. The new contract will embody an ethos of social value in terms of job, standards, training and opportunities for residents.

11. Social, Economic & Environmental Considerations

11.1. In line with Medway Council's Social Value Policy, officers will include the following standard outcomes and measures (the units have also been included for illustrative purposes) within the tender. Whilst there will be no commitment for bidders to deliver against every line, the accumulative value provided by each bidder will be scored and form part of the price evaluation score.

11.2. The Social Value commitment from the winning bidder will be transposed into contractual KPIs.

| Outcomes | Measures | Standard Units |
|--|---|---------------------------------|
| More local people in employment | No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter | No. people FTE |
| More local people in employment | Percentage of local employees (FTE) on contract | % |
| Improved skills | No. of staff hours spent on local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (including preparation time) | No. staff hours |
| Improved skills | No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+ | No. weeks |
| More opportunities for local MSMEs and VCSEs | Total amount (£) spent in LOCAL supply chain through the contract | £ |
| More opportunities for local MSMEs and VCSEs | Meet the buyer' events held to highlight local supply chain opportunities | £ invested including staff time |

| Outcomes | Measures | Standard Units |
|---|--|---|
| Social Value embedded in the supply chain | Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required | % |
| Creating a healthier community | Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children | £ invested including staff time |
| Carbon emissions are reduced | Savings in CO2 emissions on contract achieved through de-carbonisation (specify how these are to be achieved) | Tonnes CO2e |
| Sustainable Procurement is promoted | Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.) | % of contracts |
| Social innovation to create local skills and employment | Innovative measures to promote local skills and employment to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc. | £ invested - including staff time and materials, equipment or other resources |

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Appendices

None.

Background Papers

None.