

Cabinet

10 March 2026

Gateway 3 Report: HRA Estate Services and HFIL Communal Cleaning

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

Report from: Adam Bryan, Director Place

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Procurement Overview

Total Contract Value: £2,763,737.65

Project Budget: £3,050,000.00

Contract Term: 5 years

Contract Start Date: 01/04/2026

Contract End Date: 31/03/2031

Summary

This report seeks permission to award the procurement of the Housing Revenue Account (HRA) Estate Services and HFIL communal cleaning Contract.

1. Recommendation

- 1.1. It is recommended that the Cabinet agrees to award the contract to Norse Commercial Services Group [Norse] delivered by Medway Norse, as they have been evaluated as the most economically advantageous against the Council's award criteria as per the evaluation spreadsheet contained within 3.1 of the Exempt Appendix.

2. Suggested reasons for decision

- 2.1. The bid received from Norse was most cost effective and was £45,582.38 per annum cheaper than the next nearest competitor. This equates to £217,911.90 over the 5-year contract term. Additionally, Norse scored the highest across the weighted evaluation questions.

3. Background Information

3.1. Budget and Policy Framework

3.1.1. The tender price is within the budget set. The total cost of services is met by tenants and leaseholders through rent and service charges. This is 100% Housing Benefit/Universal Credit recoverable where applicable.

3.2. Background Information and Procurement Deliverables

3.2.1. 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.

3.3. Parent Company Guarantee/Performance Bond Required

3.3.1. 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.

4. Procurement Process

4.1. Procurement Process Undertaken

4.1.1. A competitive open procurement process was employed as follows:

Stage / Activity	Date
Procurement Board – Gateway 1 paper	3 rd November 2025
ITT papers issued	1 st December 2025
Evaluation of tenders	5 th January 2026
Presentations and/or interviews	14 th January 2026
Cabinet – Gateway 3 paper	February 2026
Contract award / contracts	28 th February 2026
Contract start date	1 st April 2026

4.2. Evaluation Criteria Used

#	Question	Weighting (%)	Purpose
1	Cost	40%	Overall cost in delivering the service
2	Mobilisation	10%	To ensure the supplier could work at pace to embed the service within the timeframe.
3	Testing	10%	To seek reassurance that KPI's can be achieved, providing a quality service and good value for money.
4	Fulfilling contract requirements	12%	To ensure that the contractor has the ability to fulfil all aspects of the contract for the proposed term length
5	Health and Safety	8%	To ensure the contract is delivered safely and safeguards tenants and employees.
6	Customer Satisfaction	15%	Ensure that tenants are satisfied with the service delivered.
7	Social Value	5%	For the contractor to contribute to Housing Services Social Value fund for the benefit of our residents.

4.3. Contract Management

4.3.1. Contract management will be the responsibility of the Tenant Services Operational Manager.

4.3.2. It is proposed that the below table is used for the purpose of further reporting.

Contract Start Date	Initial Contract End Date	Extension Period in months	Reprocure Period in months	Project Extension Review (GW4) Date	End of project review (GW4) Date
01/04/2026	31/03/2031	60	60	31/03/2031	31/03/2036

For the above table, it is assumed that the:

- Extension period must be greater than the reprocure period.
- Project Extension date (if applicable) gives officers sufficient time to reprocure the service should the extension not be granted.
- End of Project date mandates officers present a contract management report to board prior to starting a new procurement process.

5. Risk Management

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 of service and maintain current high performance levels	CII
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	Commercial model and open book accounting reviews. Regular budgetary	CII

	as failing by senior members of both teams	reviews; contractor to take greater responsibility for budgetary controls	
Reputational	Ineffective or poorly managed contract may lead to poor levels of customer satisfaction, leading to increased queries or complaints to Members. Additionally, 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.	Effective and robust management arrangements in place for contract management with suitably skilled staff	CII
Contract Delivery	Contract does not commence on 1 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	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
D Rare	IV Minor

6. Service Implications

6.1. Financial Implications

6.1.1. The costs outlined in this report are met within the existing HRA ringfenced budget. The HRA sets a balanced budget each financial year. Expenditure budgets within the HRA, including maintaining stock, are funded from budgeted income from tenant rents and service charges.

6.2. Legal Implications

6.2.1. The procedure gives a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 2.2 of the Council's Contract Procedure Rules ("the CPRs").

6.2.2. Under the Council's Contract Procedure Rules, the procurement is a Process 3 procurement (Rule 18), and the process set out in this report meets the requirements for such procurements. The procurement was advertised on the Kent Business Portal, in compliance with rule 18.4 of the CPRs.

6.2.3. 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.

6.2.4. The process described in this report complies with the Public Contracts Regulations 2015 and Medway Council's Contract Procedure Rules.

6.2.5. This report has been presented as a Process 3 medium risk procurement, and therefore the Monitoring Officer, in consultation with the Procurement Board will therefore set the risk and reporting stages for the remainder of the procurement process for Gateway 4.

6.3. TUPE Implications

6.3.1. TUPE does not apply to this contract, as Norse Commercial Services currently delivering the contract, have also been the successful bidder.

6.4. Procurement Implications

6.4.1. Procurement followed Public Procurement Act 2023 and 2024 regulations. Competitive Tender above Threshold. 10 Providers submitted bids, 4 reached presentation stage, the Incumbent is the winning bidder, pricing being the deciding factor.

6.5. ICT Implications

6.5.1. None

6.6. Climate Change implications

6.6.1. Carbon neutrality (particularly emission reductions) was designed into the tender and evaluation process. Tenderers were 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.

6.6.2. The new contract will embody an ethos of social value in terms of job, standards, training and opportunities for residents. Fleet management includes exclusive use of electric vehicles in delivering the contract.

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Appendices

Exempt Appendix – financial analysis

Background Papers

None