Manchester City Council
Report for Resolution

Report To: Executive – 1 June 2011
Subject: West Gorton Management Agreement
Report of: Director of Housing

Summary

To seek the approval of Executive for the appointment of Guinness Northern Counties Housing Association, subject to the approval of the Secretary of State, as Managing Agent responsible for:

(i) Interim housing and neighbourhood management of 388 existing Council properties and 13 leasehold properties proposed for demolition in the West Gorton neighbourhood.

(ii) Ongoing housing and neighbourhood management of 171 Council properties which will be provided through the Homes and Communities Agency New Build programme in the West Gorton neighbourhood.

Recommendations

1. Approve the selection of Guinness Northern Counties Housing Association as Managing Agent for the West Gorton neighbourhood.

2. Authorise the City Solicitor to conclude all contractual documentation to give effect to the Management Agreement.

3. Authorise the Director of Housing, in consultation with the Executive member for Neighbourhood Services and the City Solicitor, to take all necessary steps to complete the Management Agreement including obtaining approval under Section 27 of the Housing Act 1985 for transfer of housing management and maintenance functions from the Tenant Services Authority (on behalf of the Secretary of State).

Wards Affected:

Ardwick
<table>
<thead>
<tr>
<th>Community Strategy Spine</th>
<th>Summary of the contribution to the strategy</th>
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<tbody>
<tr>
<td>Performance of the economy of the region and sub region</td>
<td>The neighbourhood regeneration programme, including the construction of 171 new Council homes, will provide enhanced opportunities for the attraction and retention of economically active residents and workers, positioning West Gorton as a neighbourhood of choice underpinned by high standards of housing and a co-ordinated approach to neighbourhood management fundamental to economic prosperity and growth.</td>
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<tr>
<td>Reaching full potential in education and employment</td>
<td>The neighbourhood management responsibilities which the Managing Agent will undertake will improve partnership working between the West Gorton community, housing providers, key agencies and developers. The Managing Agent will be required to contribute to the delivery of the East Manchester Strategic Regeneration Framework including skills development for residents and the provision of local labour and training opportunities for West Gorton and Manchester residents.</td>
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<tr>
<td>Individual and collective self esteem – mutual respect</td>
<td>The Managing Agent will create opportunities to improve individual and collective self esteem by ensuring residents homes and the local neighbourhood are maintained to high standards, that residents are supported through the rehousing process and have opportunities to reflect upon and influence service delivery.</td>
</tr>
<tr>
<td>Neighbourhoods of Choice</td>
<td>The Managing Agent will make a significant contribution to transforming West Gorton into a neighbourhood of choice through the provision of high standards of housing management and maintenance and through the adoption of a co-ordinated and partnership based approach to neighbourhood management. The creation of a neighbourhood of choice will encourage local people to stay in the area and will further attract residents and local businesses from outside the West Gorton boundary.</td>
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations
Financial Consequences – Revenue

Revenue costs are considered affordable and are within the identified budget derived from the Management and Maintenance allowance provided in the Housing Revenue Account subsidy system for the existing properties and the rental income stream for the new build properties.

Financial Consequences – Capital

Ongoing lifecycle replacement works for new build properties do not currently apply to the Management Agreement given that no major lifecycle component replacements will be required within the initial 5 year contract duration.

The Council are currently developing the lifecycle programme for new build properties and will explore potential procurement within future Management Agreements. Appropriate budgets from the rental income stream and where a shortfall occurs, within the capital programme will be identified. Such agreements will be subject to further Executive Approval.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.


1.0 Introduction

1.1 The purpose of this report is to seek approval from Executive for the appointment of Guinness Northern Counties Housing Association as ‘Managing Agent’ undertaking housing and neighbourhood management responsibilities for 388 existing Council properties (and 13 right to buy leasehold properties) proposed for demolition and 171 new build Council properties in West Gorton.

1.2 The City Solicitor has advised that such an agreement may only be entered into with the approval of the Secretary of State.

1.3 The Managing Agent will work in partnership with the Council, residents, housing providers and other key agencies across the area providing a co-ordinated approach to service delivery which improves both place and quality of life for West Gorton residents.

1.4 The Management Agreement will commence no later than the 22nd August 2011 for an initial five year contract period and will include an optional five year extension subject to performance review.

1.5 This report serves to detail the outcomes of the procurement and evaluation process and outlines the key contract conditions which will form the final Management Agreement with Guinness Northern Counties.

2.0 Background

2.1 The West Gorton neighbourhood is a major strategic priority for Manchester City Council and forms a key part of the East Manchester Strategic Regeneration Framework 2008-18. West Gorton is currently undergoing a 10 year regeneration programme which will provide over 1,000 new homes for sale and social rent, a new community and retail hub and improved public realm; establishing the area as a desirable place to live, supporting low carbon living and environmental sustainability. 144 existing council homes have already transferred to Guinness Northern Counties in September 2010 and 171 new build council homes (which will be managed as part of the Agreement) will be completed Spring 2012.

2.2 The Council is nearing the completion of the Housing Investment Options Programme agreed by Executive in March 2003 and now almost exclusively provides a strategic housing service. The provision of direct ongoing housing management and maintenance service is therefore not considered a long term option for West Gorton. Although not driven by the threat of financial penalties, the Management Agreement adopts a similar Service Specification to that used in the Council’s housing Private Finance Initiative projects ensuring the provision of high quality and value for money services which are linked to clear outputs and performance standards.

3.0 Procurement Process and Evaluation

3.1 On the 22nd May 2010 the Council issued an OJEU notice inviting expressions of interest for the provision of housing and neighbourhood management
services in West Gorton. 7 organisations expressed an interest and following a robust evaluation process, including a detailed assessment of financial standing, 4 organisations were invited on the 6\textsuperscript{th} December 2010 to submit a fully priced tender, including compliance with a Service Specification, method statements and pricing schedule.

3.2 On the 28\textsuperscript{th} January 2011, the Council received 4 submissions from the following organisations:

1) Guinness Northern Counties Housing Association
2) City South Manchester Housing Trust
3) Moss Care Housing Ltd
4) Residential Management Group Ltd.

3.3 The purpose of the evaluation was to scrutinise and assess the ability of each organisation to meet the responsibilities and performance standards set in the Service Specification. Bids were evaluated (and moderated) by an experienced evaluation team from Strategic Housing supported by specialists in a range of areas including anti-social behaviour, regeneration (including New East Manchester representatives), rehousing, tenant liaison and finance. The procurement and evaluation process was supported by the Corporate Procurement Team and was fully compliant with Public Contracts Regulations 2006.

3.4 Bid submissions were evaluated on the basis of the most economically advantageous tender based on 30% price and 70% quality. The quality evaluation was split into 11 weighted categories (see table 1 below).

Table 1: Evaluation Criteria

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<tr>
<th>Criteria</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>Price</td>
<td>30%</td>
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<tr>
<td>Quality</td>
<td>70%</td>
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<td>Criteria:</td>
<td></td>
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<tr>
<td>1. Customer Care and Information</td>
<td>7%</td>
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<td>2. Collection of Rent and Other Charges</td>
<td>5%</td>
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<td>3. Rehousing and Lettings</td>
<td>7%</td>
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<td>4. Tenant, Resident, Councillor Consultation</td>
<td>7%</td>
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<tr>
<td>5. Anti-Social Behaviour</td>
<td>7%</td>
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<td>6. Empty Properties and Voids</td>
<td>7%</td>
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<td>7. Repairs</td>
<td>6%</td>
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<tr>
<td>8. Multi-Storeys, Maisonettes and Apartments</td>
<td>8%</td>
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<tr>
<td>9. Environmental Management</td>
<td>7%</td>
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<tr>
<td>10. Partnership Working</td>
<td>7%</td>
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<tr>
<td>11. Contract Management</td>
<td>2%</td>
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</tbody>
</table>

3.5 Guinness Northern Counties were awarded an overall score of 84.7%, achieving the highest quality score and representing the lowest priced tender. The submission successfully demonstrated rigorous procedures which comprehensively met the Service Specification and further supported Council
policies and strategic objectives. Specific areas of strength included their approach to customer service, consultation, rehousing and management of multi-storey properties and apartments.

4.0 Resident Consultation

4.1 Consultation was carried out in accordance with section 27BA and section 105 of the Housing Act 1985 as required for any proposed change of Managing Agent.

4.2 All Tenants and Leaseholders were informed of proposals by personal letter in October 2010 and were invited to an open day held on the 27th October 2010 which was subsequently attended by over 100 residents. Comments and questions were collated in the form of questionnaires, web-based feedback and via telephone. Residents confirmed that they were in favour of appointing a Managing Agent to undertake housing and neighbourhood management responsibilities in West Gorton. Anti-social behaviour, re-housing, management of empty properties and environmental management were identified as areas of concern and were addressed in the Service Specification and the performance targets.

4.3 A resident consultation group consisting of key members of the West Gorton Steering Group (which is made up from representatives of the local Tenant and Resident Associations) helped to both inform the development of the tender and Service Specification and assist with the evaluation process. The group were supported by an Independent Tenant Advisor.

4.4 Bidders attended interviews and study visits on the 26th February 2011 and 5th March 2011; including a presentation to the resident consultation group, question and answer session and site visits. Consultation feedback was reviewed by officers prior to undertaking final evaluation scoring. The resident consultation group confirmed that they would be content for any of the organisations to be selected.

4.5 Specific issues identified by the evaluation team and the residents consultation group will be addressed throughout the mobilisation period of the contract.

4.6 The Council are currently liaising with the Tenant Services Authority and in line with their guidance will issue a request for Section 27 approval following the approval of this Executive. The Section 27 report will addresses the overall business case for the Management Agreement, will demonstrate that the appropriate resident consultation has been carried out and that the Management Agreement will be fully compliant with TSA standards.

5.0 Management Agreement Overview

5.1 It is recommended that Guinness Northern Counties as Managing Agent will be responsible for all day to day housing management and maintenance to include, but not be limited to, customer service, resident consultation, collection and arrears recovery of rent, anti-social behaviour, cross-tenure...
neighbourhood management, repairs and management of void and empty properties. The Managing Agent will also be responsible for the rehousing obligations in respect of the properties proposed for demolition.

5.2 The Managing Agent will be required to manage the stock in accordance with a detailed Service Specification including applicable policies of the Council and the Tenant Services Authority (or relevant regulatory body).

5.3 The Managing Agent will be paid a monthly ‘management fee’ derived from the Management and Maintenance allowance provided in the Housing Revenue Account subsidy system for the existing properties and the rental income stream for the new build properties.

5.4 In order to reduce and manage a number of risks and costs, the Council will retain responsibility for buildings insurance in respect of all of the stock managed, communal cleaning to multi-storey properties and maisonette blocks and all specialist services including lift engineering and legionella testing until properties are demolished. Current contracts and management arrangements are in place and resources will be retained from the Management and Maintenance allowance in order to fund these responsibilities.

5.5 The Managing Agent will be required to maintain the existing properties in accordance with defined property management standards and the new build properties to the Decent Homes Standard. Ongoing lifecycle replacement works for the new build properties are not included in the Management Agreement in light of the short contract duration. The Council will need to develop the Lifecycle Programme in detail and identify appropriate budgets in the future capital programme.

5.6 Two residential caretakers will transfer to Guinness Northern Counties and it is assumed that the Transfer of Undertaking (Protection of Employment) Regulations will apply. Staff have been kept informed and formal consultation will be carried out following Executive approval to appoint Guinness Northern Counties.

5.7 The Council will monitor the performance of the Managing Agent and the contract allows the Council to “Step In” in cases of performance default and dispute resolution where the Managing Agent fails to perform some, or all, of the services detailed in the Service Specification.

6.0 Conclusions

6.1 Based on the evaluation process described in Section 3 of this report, it is recommended that Guinness Northern Counties are appointed as Managing Agent for West Gorton.

6.2 The Council will follow a mandatory 10 day “cooling off” period (Alcatel period) and will issue formal notices of contract award to both the successful and unsuccessful bidders, specifying both the evaluation criteria and scoring system. This will be followed by a period of mobilisation in order to formalise
contractual arrangements, progress TUPE consultation and transfer, facilitate data migration and obtain Section 27 approval from the Tenant Services Authority for delegation of housing management and maintenance functions. The contract is scheduled to begin no later than the 22\textsuperscript{nd} August 2011.

7.0 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

The procurement of a neighbourhood manager is a fundamental part of the regeneration of the West Gorton neighbourhood which aims to attract and retain economically active residents and workers to the area through the creation of a neighbourhood of choice.

(b) Reaching full potential in education and employment

The neighbourhood manager will assist with the co-ordination of key agencies working in the area and will provide opportunities for improved partnership working initiatives which support local labour and training initiatives.

(c) Individual and collective self esteem – mutual respect

The Managing Agent will improve standards of housing and neighbourhood management in West Gorton and will ensure that homes are consistently maintained to a high standard, thus improving quality of life and individual and collective self esteem. Residents will be supported throughout the rehousing process and will be provided with opportunities for consultation and engagement.

(d) Neighbourhoods of Choice

The Managing Agent will improve standards of housing and neighbourhood management and will achieve greater co-ordination in the provision of housing management services, thus making a fundamental contribution to re-establishing West Gorton as a neighbourhood of choice which retains and attracts new residents and businesses.

8.0 Key Policies and Considerations

(a) Equal Opportunities

Improving service standards and co-ordinating the provision of housing and neighbourhood management in West Gorton will make a significant contribution to some of the most deprived residents in Manchester.

Residents have been involved throughout the procurement process and will be provided with further opportunities to engage directly with the Managing Agent and influence service delivery on an ongoing basis.

(b) Risk Management
A risk register is in operation and will continue to be managed in line with best practice set out in the Manchester Method.

Certain works (lift servicing; legionella testing etc in the existing multi-storey blocks) have been retained by the Council rather than pass these responsibilities to the Managing Agent who will only manage the blocks for a short period of time.

(c) Legal Considerations

A representative from the City Solicitor has advised on legal aspects of the project to date and will be lead officer in formalising contract arrangements with the Managing Agent.