

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – TUESDAY, 18 SEPTEMBER 2018**

Title of report	<b>CONTRACT AWARD FOR COMMERCIAL LAUNDRY EQUIPMENT AT SHELTERED SCHEME ACCOMMODATION</b>
Key Decision	a) Financial Yes b) Community Yes
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Purpose of report	This report is to seek Cabinet approval for the direct award of a contract for Laundry Equipment to our 6 sheltered schemes
Reason for decision	The contract would improve the facilities and service delivery for tenants in sheltered housing schemes.
Council priorities	Homes for Communities
Implications:  Financial/Staff  Link to relevant CAT  Risk Management  Equalities Impact Screening  Human Rights  Transformational Government	Financial implications include an increase in expenditure initially from NWLDC, recovered by an increase in service charge to tenants  Not applicable  Risk will be managed jointly with JLA Limited and Housing Management Team Manager as part of contract management  Not applicable  Not applicable  Not applicable

Comments of Head of Paid Service	Report is satisfactory.
Comments of Section 151 Officer	Report is satisfactory.
Comments of Deputy Monitoring Officer	Report is satisfactory.
Consultees	<ul style="list-style-type: none"> <li>• Housing and Property Service Management Team</li> <li>• Tenants</li> </ul>
Background papers	None
Recommendations	<b>IT IS RECOMMENDED THAT CABINET APPROVE THE AWARD TO JLA LIMITED OF THE CONTRACT TO INSTALL AND MANAGE OUR SHELTERED SCHEME LAUNDRY EQUIPMENT FOR A PERIOD OF UP TO EIGHT YEARS.</b>

## 1.0 BACKGROUND

1.1 The Housing Service is currently responsible for 174 sheltered housing properties. Sheltered accommodation has communal entrances to flats in a traditional corridor scheme with communal facilities, including a laundry room.

1.2 As a landlord, we provide a number of services which are charged back to the tenants, proportionally, including laundry facilities, through the service charge process.

1.3 At present, the service charge for laundry facilities is very low and does not fully reflect the cost of the actual service provided, including the capital cost of equipment; call out fees; and maintenance and annual servicing; and duct cleaning which is undertaken. As a result, we currently only recover a proportion of our costs.

1.4 In February 2017, our current service supplier, JLA Limited<sup>1</sup>, were engaged to replace two washing machines into Hood Court on their Total Care package<sup>2</sup> as a trial. These machines were “rented” for a fixed period, and include a number of service advantages including;

- fully inclusive servicing
- wear and tear maintenance
- installation and removal of other equipment
- 24/7 call out facility direct to JLA.

This reduces costs and contract management overheads to the council, as tenants contact JLA directly.

<sup>1</sup> JLA Limited purchased Wilson Electricals who historically responded to our call outs

<sup>2</sup> <http://procurementforhousing.co.uk/suppliers/jla/> - Total Care Package

- 1.5 This trial has been successful, with tenants and staff commenting about the quality of equipment and the quality of the service.
- 1.6 JLA are the supplier selected by the OJEU complaint framework procurement of Procurement for Housing (PfH), allowing us as a member to complete a direct call off process to select new equipment and services.
- 1.7 The Procurement for Housing route has been discussed with the Procurement Manager who agrees it is the most cost effective route. A mini competition using the ESPO framework, does not yield the financial benefits<sup>3</sup> the PfH framework does.

## **2.0 PROPOSAL**

- 2.1 The Procurement for Housing framework commenced on 1 March 2014 and is valid until 9 November 2018 with JLA Limited being the supplier of choice. North West Leicestershire District Council can select a supplier from the call off contract anytime up to 8 November 2018.
- 2.2 It is proposed to directly award a five year contract with an option to extend for three further one year periods (8 year total) to provide equipment in all of our sheltered schemes, replacing all existing appliances (excluding two new machines under JLA rental in Hood Court). In accordance with Contract Procedure Rules, an approach will be made to JLA Limited.
- 2.3 JLA Limited currently have 52 contracts in the Housing sector through the Procurement for Housing framework. Some of these clients (from the central region) are listed below:
  - Flagship Housing Group
  - Moseley and District Churches HA
  - Futures Homescape
  - Wrekin Housing Trust
  - Havebury Housing Partnership
- 2.4 Not only does the contract allow for a better standard of service and lower ongoing maintenance but also allows for improved facilities. The contract includes a “sluice” machine to be fitted at every scheme which will assist with hygiene for tenants who require ongoing care and support and reduces the risk of cross contamination for other residents, and potential breakdown of machines.
- 2.5 Both legal and Procurement services support the decision for a direct award, having previously demonstrated the framework to be both a compliant route and delivering value for money.
- 2.6 Following Cabinet approval, the contract will be mobilised and fully operational within a maximum period of eight weeks after contract signing.

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<sup>3</sup> Financial Benefits include the time taken to undertake a full tender process outside of using a framework as well as the pricing being more competitive under the PfH framework for the contracted units.

- 2.7 An intention to award notice has been sent to tenants informing them of the new contract and events will be arranged in the Sheltered Schemes to discuss the new contract and benefits. An example of this notice is attached as Appendix A.
- 2.8 There is no requirement to do formal consultation with tenants.
- 2.9 A copy of the benefits of total care package we would receive is attached as Appendix B

### 3.0 FINANCIAL IMPLICATIONS

- 3.1 Based on the proposed number of machines below, the maximum cost of the contract award would be £23.3k per annum, equating to £186k over the lifetime of the contract<sup>4</sup>. This pricing is subject to final agreement on numbers of machines and associated pricing, which will be included in the contract. Cabinet approval is needed for this contract award because the total possible duration exceeds 5 years and the value exceeds £100k.
- 3.2 The anticipated number of machines are listed below, including the proposal to include a sluice machine.

<b>Scheme (Number of flats)</b>	<b>Proposed weekly charge per property</b>	<b>Current weekly charge per property</b>	<b>Proposed number of machines</b>
Central Court (31)	£2.08p	£0.11p	4 (2 washers, 2 dryers)
Fairfield Court (37)	£2.55p	£0.16p	6 (3 washers, 3 dryers)
St Mary's Court (21)	£3.08p	£0.13p	4 (2 washers, 2 dryers)
Park View (31)	£2.08p	£0.15p	4 (2 washers, 2 dryers)
Wakefield Court (23)	£2.81p	£0.07p	4 (2 washers, 2 dryers)
Hood Court (31)	£3.04p	£0.43p	6 (3 washers, 3 dryers)

- 3.3 Although there is a small budget currently for remedial works, the cost of the contract will be fully recovered by the service charge income. As such, the remedial works budget will no longer be required.

### 4.0 RECOMMENDATION

- 4.1 It is recommended that Cabinet approve the award to JLA Limited of the contract to install and manage our laundry equipment for a period of up to eight years.

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<sup>4</sup> The full cost includes if the optional years are taken up, taking this contract to its maximum duration of 8 years.