

HOUSING CABINET MEMBER MEETING

Agenda Item 57

Brighton & Hove City Council

Subject:	Procurement of contract for the management & maintenance of laundry facilities for council managed homes		
Date of Meeting:	11 November 2009		
Report of:	Director of Adult Social Care & Housing		
Contact Officer:	Name:	Martin Booty	Tel: 29-3806
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Key Decision:	Yes	Forward Plan No: HSG 12744	
Wards Affected:	All		

FOR GENERAL RELEASE.

1. SUMMARY AND POLICY CONTEXT:

- 1.1 A procurement process has been entered into whereby tenders were sought from service providers in relation to a contract for the management & maintenance of laundries facilities in both sheltered and non-sheltered housing. This matter was previously reported to the Housing Management Sub- Committee in January 2006 at which time it was agreed that a further report be prepared once the procurement process was complete.
- 1.2 Following an evaluation of the tenders received, it is proposed that a contract be entered into with the preferred supplier, PHS Laundryserv, for a period of five years, starting 31 December 2009, with a possible extension of two years.
- 1.3 The Housing Management Consultative Committee meeting held on Monday 12 October approved the proposal as outlined.

2. RECOMMENDATIONS:

That the Cabinet member for Housing

- (1) agrees that the tender submitted by PHS Laundryserv for the management & maintenance of laundry facilities for sheltered and non-sheltered housing be accepted.
- (2) authorises the Director of Adult Social Care & Housing to amend the service charges for sheltered housing to reflect the new laundry service from 31 December 2009

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The present arrangements for the management & maintenance of laundry facilities are in need of review as they are not sustainable. Investment in the laundry service is required and a clear structure within which to operate the service is needed.
- 3.2 Following a report to the Housing Management Sub-Committee in January 2006/7 a number of largely unused laundry rooms were decommissioned as being no longer viable and in some cases, unsafe. It was also agreed to seek tenders for the management & maintenance of the remaining locations, with the work being guided by the Laundry Facilities Working Group (LFWG).
- 3.3 As part of their tender, PHS Laundryserv will remove all existing appliances and replace these with new washing machines and tumble driers.
- 3.4 There will be a charge for the appliances installed in sheltered accommodation. The cost of this can be recovered from sheltered residents by way of a service charge of approx. £1.26 per week and this is eligible for Housing Benefit of which approximately 80% of sheltered residents claim. Sheltered tenants are not currently charged for this service and this contract will result in a new charge. Although as sheltered housing residents will not be charged for each use, they will benefit from the facilities without a financial penalty attached to those who may have a medical need for frequent use.
- 3.5 The contractor will also supply equipment to non-sheltered locations but at no cost to the council on account of the fact they will collect and retain income from the coin-op mechanisms to each appliance. Although the contractor will keep this money for the first two years, future years' income will be shared, with a rebate of 30% payable to the council in years three to five. The contractor will be responsible for repair and maintenance costs.

4. CONSULTATION

- 4.1 The review of the laundries has long been guided by the tenant-led LFWG comprising tenant representatives from Area Panels, the High Rise Action Group and the Sheltered Housing Action Group.
- 4.2 Two nominees from the LFWG participated fully in the contract evaluation process, including the bidders' presentations and subsequent questioning of the prospective service providers. The LFWG subsequently met and supported the bid submitted by PHS Laundryserv as offering good value for money.
- 4.3 The timetable for the procurement process did not allow for a detailed report to be submitted to the September cycle of the Area Panels and to ensure that residents associations were apprised of the outcome, the chairs & secretaries of each association have been written to and advised as to the main points of the proposed new arrangements for the laundry service.

- 4.4 As the preferred supplier is not proposing to charge for appliances installed in non-sheltered locations, there will be no costs to recoup from leaseholders. As a result, formal consultation arrangements do not have to be put in place with long lessees.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications

- 5.1 The provision and the annual servicing and maintenance of the new machines installed at sheltered sites will be recovered by a new service charge to sheltered residents. The service charge which is eligible for Housing Benefit will be £1.26 per flat per week. Charges for non-sheltered locations will be £2.50 per wash and £1.00 per dry.
- 5.2 The provision and servicing and maintenance of new machines will be self financing with income provided either to the council through service charges or to the contractor through individual wash charges. It is anticipated that the new contract will provide savings compared to current costs in the region of £25,000 per annum. It is difficult to accurately assess these savings as it is not known how much usage may increase which will directly increase costs for electricity and water. Any savings will be included within the 2010/11 HRA budget

Finance Officer Consulted: Monica Brooks, Principal Accountant
Date: 14 September 2009

Legal Implications:

- 5.3 There are no specific contractual/procurement issues arising from the report. The final contract must be compliant with the Council's contract standing orders. The Council must take the Human Rights Act into account in making decisions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendation in this report.

Lawyer Consulted: Liz Woodley, Senior Lawyer Date: 14 September 2009

Equalities Implications:

- 5.4 Not all residents have access to laundry facilities; however the proposed contract will provide new equipment in the vast majority of cases, including all sheltered schemes where there are currently laundry rooms.
- 5.5 Residents of sheltered schemes may in some cases have additional requirements and to this end, each washing machine will have a sluice programme and residents will pay a weekly service charge rather than pay on a coin-op basis as will non-sheltered residents. This will ensure that residents with frequent laundry requirements are not penalised.

Sustainability Implications:

- 5.6 The preferred supplier intends to replace all existing appliances with new equipment. New washing machines are all more energy efficient and also consume less water than current equipment. The driers will each have sensors to detect when clothes are dry and will cease automatically, thus saving energy. Although the new appliances will be more energy efficient, improved facilities could lead to greater use and therefore we will carefully monitor energy costs to establish costs/usage patterns.

Crime & Disorder Implications:

- 5.7 From time to time there have been incidents when laundry appliances are vandalised as a result of damage to the coin-op mechanisms. The preferred supplier is keen to promote a 'SmartCard' system whereby reusable cards can be programmed to provide a cashless means of accessing laundry rooms and the appliances themselves, thus removing the risk of theft related crime.

Risk and Opportunity Management Implications:

- 5.8 The existing contract for the maintenance and servicing of laundry equipment has been extended but expires on 31 December 2009. It is necessary therefore to re-tender to ensure an uninterrupted service to residents continues.

Corporate / Citywide Implications:

- 5.9 The proposal to enter into a contract for the management & maintenance of laundry facilities supports the corporate priority 'Better use of public money' on account of the fact that if the cost charged by the contractor for the equipment is recouped from residents of sheltered housing then the contract will be cost neutral to the HRA, thus representing a saving to residents.
- 5.10 The proposal will also support the priority 'Reduce inequality by increasing opportunity' through ensuring that residents continue to have access to sustainable arrangements for laundry requirements at reasonable cost.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 As an alternative to seeking tenders from experienced service providers, additional funding could be sought from the Housing Revenue Account (HRA). However, the cost of running the laundry facilities already far exceeds the income. As a consequence the service can only be run at a loss to the HRA and much of the cost therefore falls to all tenants including those who do not benefit from laundry services within their block/estate.
- 6.2 As existing appliances age, they will need to be replaced and current financial provision is unlikely to keep pace with the level of replacements required in future years.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 It is necessary to re-tender the contract for servicing and repairing laundry equipment to council managed homes.
- 7.2 New arrangements for the funding and management of the laundries are also required to ensure the service is provided in a sustainable manner. The tender from PHS Laundryserv represents good value for money and provide a sound methodology for the future management & maintenance of laundry.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents In Members' Rooms

None

Background Documents

- 1. Management & maintenance of Council Owned Laundry Facilities – Contract no. 820. Evaluation by Corporate Procurement

