

«LEASE_PARTIES_»
/The Current Leaseholder(s)
«ADD_1»
«ADD_2»
«ADD_3»
«ADD_4»
«ADD_5»
«ADD_6»

Property Reference: «PROP_REF»
Property Address: «PROPERTY_ADDRESS»
Scheme Reference: HOS/CLEANSING
Date: 7 May 2021

Dear «LEASE_PARTIES_»/ The Current Leaseholder(s),

External cleansing contract – more information, please read carefully

I wrote to you on the 24 July 2019 to consult with you on the proposed procurement of the external cleansing services. This letter is the second and final part of that consultation process and relates to the future service charges which Lambeth may recover from homeowners in respect of the costs of the external cleansing contract.

The London Borough of Lambeth proposes to accept the tender from Serco Ltd from the 1 October 2021 to 30 September 2027 for external cleaning services, with an option to extend for a further eight years.

This notice is served under Section 20 of the Landlord & Tenant Act 1985 (as amended by section 151 of the Commonhold & Leasehold Reform Act 2002) and Regulation 5(2) and Schedule 2 of the Service Charges (Consultation Requirements) (England) Regulations 2003 (the “2003 Regulations”).

Full Details of Proposed Supplier

The registered office is Serco House, 16 Bartley Wood Business Park, Hook, Hampshire RG27 9UY. The company number is 242246. Serco Ltd is a member of the following professional bodies and either abides by the requisite code of practice or has obtained accreditation by the body:

- British Safety Council (BSC)
- Royal Society for the Prevention of Accidents (RoSPA)
- Customer Services Excellence (CSE)
- Institution of Occupational Safety and Health (IOSH) – Individual membership
- Freight Operators Recognition Scheme (FORS)
- Environmental Services Association (ESA)
- Business in the Community – ‘Platinum’ Corporate Responsibility
- British Institute of Cleaning Science (BICs)
- British Standards Institute (BSI) for ISO9001, ISO14001 and ISO18001 (ISO 45001)
- Chartered Institute of Waste Management (individual membership)
- Institute for Continuous Improvement (ICiPS)

Due to various Government guidelines related to the Covid-19 Pandemic, the schedule of rates is available to view, along with a list of frequently asked questions here: <http://bit.ly/S20BoroughwideConsultation>. If you do not have access to view documents online, please telephone 0207 926 6521.

In line with Paragraphs 4(4) to 4(6) of Regulation 5(2), the schedule of rates is the projected yearly rate cost to be incurred by the Landlord, however it is not possible to state a leaseholder’s relevant contribution, given the costs ultimately estimated to be incurred will wholly relate to the overall estimated cleansing costs. The schedule of rates will be uplifted each year according to a basket of indices agreed in the contract.

This is in line with Regulation 5(2) of the 2003 Regulations and paragraphs 4(4) to 4(6) of Schedule 2 of the 2003 Regulations.

Connection between London Borough of Lambeth and the Proposed Supplier

For the purposes of paragraph 4(3) of Schedule 2 of the 2003 Regulations, there is no connection between the Landlord and Serco Ltd.

Observations

You may have already been in contact, but now that you have more information, you may wish to get in contact again. If you do, I invite you to send in your written observation in relation to the proposed contract. Your observation (should you choose to send one in) must be delivered to the address below by the 11 June 2021. This is 35 days from the date of this letter and when the relevant period ends.



Below are some ways you can send in an observation if you choose to.

- Online via our E-Form: <http://bit.ly/S20eform>
- Write to: S20 CONSULTATION, London Borough of Lambeth, PO Box 734, Winchester, SO23 5DG.

If you choose to contact us, please include reference **HOS/CLEANSING** and make it clear you are sending in a Section 20 Observation. By doing this, you are ensuring it gets to the correct team quickly.

Alternatively, you may find it easier to call and speak with someone directly. Our friendly team are here to answer any questions you have. You can call the team directly on 0207 926 6521 Monday to Friday 9am to 5pm.

Please do take the time to watch a short (5 minute) film which explains what a Section 20 notice is and what this means for you: https://youtu.be/Q_Md5aWBu84.

Thank you for taking the time to read this letter carefully.

Kind regards

Karen Kellaway

Karen Kellaway
Senior Major Works Co-ordinator



Summary of Observations

Observations were received in response to the letter dated the 24 July 2019 and a summary of these, along with the responses, are below. An updated set of frequently asked questions can be found here: <http://bit.ly/S20BoroughwideConsultation>.

Please provide me with any documents in relation to this proposed procurement.

This options appraisal and related documents can be found here:

<https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Service%20Delivery.pdf>

What was the rationale for the new contract arrangements for housing services?

The rationale is set out in the Cabinet Member Delegated decision – report title “Design of Housing Services after 2020” dated 8 July 2019, which is available online at:

<https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Service%20Delivery.pdf>

Please find attached the report prepared by Echelon Consultants Limited, which details the options available to the council in respect of its ongoing obligations to provide services to its residents. The report has made several recommendations, based on previous data and current industry standards. Please note that the finance information has been removed as this is currently deemed as sensitive due to the pending tender process.

What factors did the options appraisal consider? Why are you not using a Direct Labour Force or a SME and how have you come to that conclusion? How will this contract represent good value for money?

The options appraisal considered a matrix of considerations (including resident feedback and aspirations) and, on balance, recommended that long-term contracts (contracts exceeding 1 year) represented the best-fit delivery model for some workstreams. Long term contracts offer a delivery mechanism for purchasing services that don't typically lend themselves to direct delivery by Lambeth employees (i.e., highly specialist services; and/or those which cannot guarantee regular and consistent work volumes), and in doing so would adversely affect service costs and/or lead to a prolonged period of service disruption. The appraisal also considered all available delivery routes (including the pros and cons of each) against this matrix of considerations in making its recommendations. An integral part of the options appraisal was to consider lessons learnt in the industry/sector, those presented by Council service leads during officer workshops, and those fed back in resident workshops – together with the consultant's experience of doing housing options appraisals for numerous councils and other social housing providers. There is not however a discrete formal options appraisal – other than informal papers used prompt workshop discussion.

The detailed design and specification of the proposed long-term contracts are yet to be completed and there are a number of officer and resident task groups (including a commercial task group) that are working on various aspects of the design to ensure that the contracts are fit for purpose, socially responsible, embed a robust performance management framework, give flexibility to the council, instil ongoing competition amongst



providers and represent value for money. Whilst the design and specification stage are still in progress, the council is proposing the following features within its contracts:

- More straightforward forms of contract
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Create flexibility through clearly set out no-fault termination provisions
- Avoid geographical exclusivity and guarantees of work where possible
- The Council to have a say in the appointment of subcontractors

What evidence do you have that long term contracts also create pricing economies?

There are several considerations taken into account when deciding to enter a QLTA. This includes the cost of procurement, which can be anywhere up to £400k per procurement; the time it takes to procure a contract of this nature, which ordinarily takes approximately 18 months; ensuring that we attract competition to ensure the authority can demonstrate value for money (VFM). To ensure the contract continues to reflect VFM, the contractual periods have also been designed to encourage providers to deliver the best service they can in the hope of securing extensions in the future. Our approach reflects this but also provides us with improved leverage to re-negotiate and secure value for money through the life of the contract. In addition, there will be yearly contract reviews to ensure that the contract continues to provide best value.

What was the role of the resident's panel?

The purpose of the panel is not to decide on procurement options, but to ensure resident views and aspirations are captured and considered in the wider matrix of factors. A panel of residents has been established who will continue to provide support to the procurement process from a resident's perspective. The Council has established a series of resident workshops to look at specific procurement issues throughout the design and specification stage.

What are the benefits of combining estate external cleansing with the main waste contract?

A high-level appraisal of the benefits of combining the service was done as part of the options appraisal. The options appraisal suggested that some significant financial savings could be made to the housing contract but in addition, operationally, combining the waste collection service (which is already part of the main waste contract) with the external cleaning should provide an improved service because it will be seamless and responsibility for the cleanliness of estates as a whole and the bin areas will reside in one place. This will provide savings efficiencies as well as simplified and streamlined customer access.

How do you propose to make the distinction between these different parts of the contract so that service charges are allocated correctly?

The new contract will have a clear specification of the "Estate Communal Cleaning" element in the contract that will set out the services provided. Alongside this there will be a pricing schedule that will detail the services provided on an estate level with respect to the proposed Recycling, Waste Collection, Street Cleansing, and associated services.



In what capacity and how many Lambeth residents have been involved with the proposed procurement? How have their views been considered?

The council has complied with the formal consultation process as set out under the Service Charges (Consultation Requirements) (England) Regulations 2003, for the purposes of paragraph 1(1) of Regulation 5(2). Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985.

Request for information relating to the proposed contract

Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the Commonhold, and Leasehold Reform Act 2002 are distinct pieces of legislation with different rights and obligations from the Freedom of Information Act 2000. Please note that you can make a formal request to the FOI team for this information, but commercially sensitive information is likely to be withheld in accordance with Section 43 of the Freedom of Information Act.

Who did you send a Section 20 to?

Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985. For information explaining what a Section 20 Notice is, view this short film: https://youtu.be/Q_Md5aWBU84

Who do I contact about the current service providers?

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Communal cleaning: If you feel there is a problem with the cleaning or you would like to register a complaint about the standard of cleaning, call us on 020 7926 6000.

