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## CABINET

**22 January 2025**

**Subject Heading:**

Approval to award 1 year extension of contract for Windows and Doors

**Cabinet Member:**

Councillor Paul McGeary, Lead Member for Housing & Property

**ELT Lead:**

Neil Stubbings, Strategic Director of Place

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**Policy context:**

The statutory requirement to maintain our homes to a decent standard

Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe

This work supports the Housing Asset Management Strategy 2021-26 and is identified within the HRA Business Plan approved by Cabinet in February 2024

**Financial summary:**

The proposed one-year extension to the contract will cost up to £7m. The funding is included in the HRA Business Plan, due to go to Cabinet in February 2025 for approval.

**Is this a Key Decision?**

*It is a Key Decision as Expenditure will be £500,000 or more*

**Cabinet, 22nd January 2025**

**When should this matter be reviewed?**

*It is a one-year extension therefore it will be reviewed at the end of the term.*

**Reviewing OSC:**

*Place*

**The subject matter of this report deals with the following Council Objectives**

People - Supporting our residents to stay safe and well

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

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**SUMMARY**

As part of the Council's responsibility as a landlord, the Council has a duty to undertake repairs and maintenance works to its HRA housing stock. The Council entered into contract with Equans Regeneration Limited to replace windows and doors. The original contract was for 3 years with 2 one-year optional extensions subject to performance. The Council has been satisfied with the performance and would like to activate an additional one-year extension to the original contract at a value of £7m. Monies have been identified within the HRA 30-year business plan and contract spend will be aligned with business priorities and approved budgets.

**RECOMMENDATIONS**

For the reasons set out in the report, Cabinet is recommended to;

- a) Agree to extend the contract with Equans Regeneration Limited to deliver windows and doors including fire doors to HRA properties for a period of one year at a maximum value of £7 million.

**1. Background**

- 1.1. Through the Asset Management System, Housing Services identified a Borough-wide need for window and door refurbishments. Following a competitive procurement process, the Council awarded a contract to Equans Regeneration Limited commencing on 14<sup>th</sup> June 2022 to carry out these works.
- 1.2. The contract was originally awarded by the council for a three-year period, with an option for two additional one-year extensions. Its primary aim was to replace windows and doors across council-owned properties to meet the Decent Homes Standard, ensuring compliance with safety regulations and improving the security and aesthetics of these buildings.
- 1.3. In addition to meeting the Decent Homes Standard, the contract was designed to support the council's long-term asset management strategy by improving the durability and energy efficiency of council-owned properties. The window and door replacements aimed to reduce maintenance costs over time and enhance energy conservation, contributing to the council's sustainability goals and reducing utility costs for residents.
- 1.4. In response to the Council's urgent needs, the contract also encompassed essential fire safety works, including the replacement of fire entrance doors to individual flats and communal fire doors in residential blocks. The value of the works under the contract was estimated to be up to £20 million.

- 1.5. An approval through an Executive Decision was obtained in October 2020 to procure this contract. Following a successful procurement exercise, a contract award notice was issued in August 2021 to Equans Regeneration Limited to a maximum value of £20 million for a maximum of five years which included two one-year extensions (3+1+1).
- 1.6. The initial contract term is nearing its end, approval is required to activate an additional one-year extension. This report seeks approval to activate the first one-year extension of the contract at a value of £7m. The contractor has been delivering works for the council for nearly three years, and this approval is necessary to cover the proposed works including urgent fire safety upgrades, ensuring continued compliance with safety standards and the effective maintenance of council-owned properties.

## **2. Rationale for Extension**

- 2.1. The contractor demonstrated consistent, satisfactory performance throughout the initial three-year period. Quality assessments and performance reviews confirmed that the work met both regulatory standards and the council's expectations for quality and safety.
- 2.2. Given the contractor's satisfactory performance, activating the first one-year extension aligns with the council's goals for building safety and ongoing maintenance. Extending the contract allows the council to retain the contractor's established expertise and familiarity with the specific properties involved, ensuring continuity in the project.
- 2.3. An extension is required until the council can procure a major works framework, which is currently in the procurement process. This interim arrangement will ensure that there is a contractor in place to continue critical works and maintain momentum during the transition. Extending the existing contract will provide the necessary support and continuity until the new contract is fully operational, allowing the council to effectively address ongoing maintenance and safety needs without interruption.

## **3. Existing Contract**

- 3.1. The contract form is the JCT Measured Term Contract, which is a type of contract designed for use by employers who have a regular flow of maintenance, minor works, and improvement projects that they want to be carried out by a single contractor over a specified period of time.
- 3.2. The proposed extension of the contract offers several benefits tailored to our needs. This contract structure does not guarantee a fixed amount of work, allowing flexibility in the scope of services provided. It enables precise measurement of work completed, ensuring that expenditure remains controlled and aligned with actual requirements.

3.3. It is to be noted that £7m is the maximum estimated cost for the proposed extension, based on the attribute and condition data held in the Keystone asset database. At the start of the year, the contractor will receive a programme of properties, which they will survey and price according to their tendered rates. We will review their quotes, measurements, and prices to ensure that the correct rates have been applied before issuing Works Orders in accordance with the approved budgets.

#### **4. Procurement and Project Risks**

4.1. The one-year extension is part of the original contract framework, which included provisions for extensions as needed. By awarding this extension, the council can continue to benefit from the contractor's established performance and expertise, ensuring seamless service delivery. This approach not only maintains continuity but also aligns with the council's strategic objectives for effective management and enhancement of its housing stock.

#### **5. Added Social Value**

5.1. The contractor has previously demonstrated a strong commitment to providing social value throughout the duration of this contract, contributing positively to the council and the local community. Their initiatives have included support for local employment, skills development programs, and community engagement projects, all of which have been received satisfactorily. By extending this contract, the council will continue to benefit from these social value contributions, ensuring that the contractor remains invested in fostering community well-being and economic growth. This ongoing partnership not only enhances the overall impact of the project but also aligns with the council's broader objectives of promoting social responsibility and community development.

## **REASONS AND OPTIONS**

#### **6. Reasons for the decision**

6.1. The Council has a statutory and contractual obligation as a landlord to provide repairs, maintenance and compliance works to its properties, and therefore must have a provision in place to deliver this.

6.2. The contractor has consistently delivered satisfactory services throughout the contract term, meeting the council's needs effectively. Given the ongoing requirements for maintenance and improvements, the council still requires their expertise and support. Therefore, it is proposed that the first one-year extension of the contract be activated to ensure continuity and uphold the quality of service provided.

## **7. Other options considered**

- 7.1. Do nothing as an option but was rejected due to the obligation to maintain homes at the Decent Homes standard and for the Council to be in line with its statutory duties.
- 7.2. Re-tendering the contract was not considered a viable option due to the additional time and costs that would be incurred in the procurement process. Moreover, the existing contractor possesses valuable knowledge of the council's housing stock and established relationships with residents, which are crucial for maintaining service continuity and ensuring effective communication. Therefore, activating the proposed extension allows the council to retain this familiarity and expertise without the delays associated with re-tendering.
- 7.3. Therefore, the above options were considered and rejected.

## **IMPLICATIONS AND RISKS**

## **8. Financial implications and risks.**

- 8.1. The proposed one-year extension to the contract will cost up to £7m. The funding is included in the HRA Business Plan, due to go to Cabinet in February 2025 for approval.
- 8.2. As a “measured term” contract, works orders are raised for projects or programmes, but the contractor is not guaranteed all or any work under the contract, and has no claim to compensation if orders are not forthcoming

## **9. Legal implications and risks**

- 9.1. The Council has statutory requirements to undertake repairs and maintain its HRA housing stock under the Landlord and Tenant Act 1985, Housing Act 2004 and the Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994.
- 9.2. The Council has power to extend the contract under s111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 9.3. The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any

statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision.

9.4. The proposed extension was provided for within the original contract award and is therefore permitted under Regulation 72(1)(a) of the Public Contracts Regulations.

9.5. For the reasons set out above, the Council may extend the contract.

## **10. Human Resources implications and risks**

10.1. There are no HR implications and there are no TUPE implications as this is an extension of contract with the incumbent contractor.

## **11. Equalities implications and risks**

11.1. Under Section 149 of the Equality Act 2010, the Council has a duty when exercising its functions. This includes outsourcing services by awarding a contract to an outside body, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

11.2. "Due regard" is the regard that is appropriate in all the circumstances. The weight to be attached to each need is a matter for the Council. As long as the Council is properly aware of the effects and has taken them into account, the duty is discharged.

11.3. The extension of this contract will enable the Council to maintain its housing stock to a high standard and improve the quality of the customer services that the tenants receive. Tenants with protected characteristics are over-represented in social housing so this new contract will have a positive impact on their well-being.

## **12. Health and Wellbeing implications and risks**

12.1. Provision of an effective housing repairs service is essential to ensure residents are able to safely and comfortably use their homes, being provided with good quality services which support promote good health and wellbeing.

12.2. Poor quality housing can have a serious negative impacts on individual's health and wellbeing and a significant negative impact on communities.

12.3.The Council is responsible for improving and protecting health and wellbeing of local residents under the Health and Social Care Act 2012.

12.4.This contract supports the aims and delivery of the Housing Asset Management Strategy ensuring that the Council provide the right homes for our resident which are affordable, safe and of high quality, provide good communities in which to live and work, whilst meeting the challenges of zero carbon and building safety across the estates.

### **13.Environmental and Climate Change implications and risks**

13.1.Environmental and Climate Change implications of delivery of the contract has been assessed through contract award as part of the Quality evaluation process; tenderers have been evaluated upon their proposals to reduce the environmental impact and carbon footprint of how the work is delivered, such as local supply chains, electric vehicles, waste reduction and recycling and so on.

13.2.Equans Regeneration Limited have committed to Supporting Havering's 2040 zero carbon commitment/creating 'greener' more sustainable communities.

#### **BACKGROUND PAPERS**

No Background Papers

#### **APPENDICES**

No Appendices