

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it contains or relates to exempt information within the meaning of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to financial or business affairs of any particular person (including the authority holding that information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Award of Contracts for Compliance Services and Works
Decision Maker:	Neil Stubbings – Strategic Director of Place
Cabinet Member:	Councillor Paul McGeary – Lead Member for Housing and Property
ELT Lead:	Neil Stubbings – Strategic Director of Place
Report Author and contact details:	Mark Howard- Planned Works and Direct Delivery Manager Mark.howard@havering.gov.uk 01708 43400
Policy context:	The statutory requirement to maintain our homes to a decent standard This work supports the Housing Asset Management Strategy 2021-26 and is identified within the HRA Business Plan approved by Cabinet in February 2025
Financial summary:	These contracts provide a framework that will enable the Council to comply with its statutory requirements. The potential total procurement value is approximately £94.05M over 16 years commencing in February 2026, split over six separate contracts, £85.5M to be met from the Housing Revenue Account ('HRA') and £8.55M from General Fund for potential works to Corporate buildings.
Reason decision is Key	Key on the grounds that this report involves (a) Expenditure or saving (including anticipated income) of £500,000 or more
Date notice given of intended decision:	20 th August 2025
Relevant Overview & Scrutiny Committee:	Place

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Is it an urgent decision?	No
Is this decision exempt from being called-in?	No

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

People - Supporting our residents to stay safe and well X
Place - A great place to live, work and enjoy X
Resources - Enabling a resident-focused and resilient Council

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Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

For the reasons set out in the report and its appendix, the Strategic Director of Place is recommended to;

Approve the award of a suite of six contracts as follows, each for a term of ten years with an option to extend for a further six years, to deliver building compliance services and works primarily for Council housing but with Corporate buildings within scope as set out in this report, at an estimated total cost of up to £94.05million, inclusive of the extension period:

- Asbestos Surveys – to Cube Environmental Limited
- Asbestos Removal – to AA Woods
- Fire Risk Assessments – to Pennington Choices Limited
- Fire Safety Works – to AJS Limited
- Lift Maintenance – to Precision Lift Services Limited
- Water Hygiene Works – to HSL Compliance Limited

AUTHORITY UNDER WHICH DECISION IS MADE

Cabinet Decision of 25th September 2024:

4. Delegate approval of the award of the contracts to the Strategic Director of Place, acting in consultation with the Lead Member for Housing, the Strategic Director of Resources and the Deputy Director of Legal & Governance subject to the value of the contracts not exceeding the values set out in this report.

STATEMENT OF THE REASONS FOR THE DECISION

1.0. Background

- 1.1. The Council HRA currently owns approximately 9,300 homes for rent and 2,500 leasehold homes with approximately 5,000 houses and bungalows and 7,000 flats in 1,500 blocks.
- 1.2. The Council has a legal duty to ensure, and importantly to evidence, the safety of those homes and residents, and with recent regulatory changes such as the Building Safety Act (2022) and the introduction of the Social Housing Regulator the importance of suitable compliance contracts has never been more acute.
- 1.3. Works and Services to ensure that the Council's owned homes continue to comply with statutory regulations are currently provided under a number of ad hoc short-term arrangements and it is desired to put the delivery on a longer-term contractual footing.

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- 1.4. The ability to create a long-term relationship between the Council, the contractors and other Council contractors should also lead to a greatly enhanced service for residents.
- 1.5. Without the need to educate new contractors in the ethos, culture and procedures of the Council on a regular basis, more time can be devoted to creating a joined-up service whereby contractors share best practice, are aware of each other's contract requirements and can coordinate works to create efficiencies and reduce disruption to residents.
- 1.6. The procurement encompassed six contracts, tendered as mutually exclusive contracts, as follows, with estimated contract values over the full possible contract term:

Contract	Maximum value over 16 Years
Asbestos Surveying Includes planned surveys of common areas and individual homes for the management of the asbestos register, Refurbishment and Demolition surveys in advance of any works and reactive surveys and testing in the event of suspected asbestos contamination	£22m
Asbestos Removal Includes the removal of asbestos to facilitate responsive and planned works, and removal where surveys identify a deterioration of asbestos condition	£24.75m
Fire Risk Assessments The carrying out of assessments of the fire safety of blocks and common parts at the frequency determined by risk assessment	£7.7m
Fire Safety Works Carrying out of smaller repairs and refurbishment and inspection, maintenance and installation of fire safety elements identified through the Fire Risk Assessments or other inspection	£30.8m
Water Hygiene Services Regular testing and maintenance of stored water tanks and equipment to prevent legionella	£4.4m
Lift Maintenance Regular inspection, servicing and repair of HRA passenger lifts with out of hours response and emergency response to trappings.	£4.4m

- 1.7. Approval to this procurement was given by Cabinet in September 2024

2.0 Evaluation Process

- 2.1. This procurement is above the threshold for works procurements that had to be conducted in accordance with legal requirements set out in the Public Contracts Regulations 2015.
- 2.2. A Contract Notice was published in respect of this procurement on 21st February 2025, ref no 2025/S 000-006985
- 2.3. The Council followed an Open tender procedure as set out within the Public Contracts Regulations 2015 with each contract open to all suppliers, but no supplier permitted to win more than one contract due in part to the specialist nature of the works, and in part to avoid a contractor creating work for themselves.
- 2.4. The contract opportunity was advertised, with all interested parties submitting supplier's questionnaires. The Council appointed consultant Lumensol Limited to assist with its tendering arrangements. Tenders were submitted through the Merrell procurement portal operated by Lumensol. The reason for this is that third party consultants are unable to access the Council's own Fusion portal.
- 2.5. The procurement process was fully facilitated by Lumensol but at this time we do not expect Lumensol to be involved post contract. Members of the Corporate Procurement team have been involved at relevant stages to provide governance and oversight of the process.
- 2.6. All bids were evaluated on price and quality based on a 50% Quality, 40% Price, and 10% Social Value weighting.
- 2.7. Quality and Social Value submissions were evaluated by Council officers and Price submissions were evaluated by Lumensol, with officers from Corporate Procurement having oversight of the complete process.
- 2.8. Further details on the procurement and scoring is contained in exempt **Appendix 1**.

3.0 Proposed contract

- 3.1. The contracts are anticipated to commence in February 2026, and the core contracts will be for up to ten years, subject to continued good performance, with a provision to extend each contract for a further period of six years to end in February 2042.
- 3.2. The contract forms are the Term Alliance Contract TAC-1 which is a form of partnering contract developed from the TPC2005 contract and which is a form recommended for use by central and local government to achieve supply chain collaboration.
- 3.3. As "measured term" contracts, works orders are raised for projects or programmes (typically one year at a time) but the contractor is not guaranteed all or any work under the contract, and has no claim to compensation if orders are not forthcoming or do not meet the indicative contract value.

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- 3.4. Along with the typical termination clauses for breach, the contracts also contain no-fault termination clauses, applicable after year one, which will allow either party to terminate the contract with 36 weeks' notice on the part of the contractor, or 13 weeks' notice on the part of the Council. It is considered 36 weeks will be sufficient notice for an interim short-term arrangement to be put in place pending re-procurement of any contract.
- 3.5. If invoked by the contractor in one of the first five years this will incur a compensation payment to the Council on a sliding scale (£50K in year 2, £10K in years 3-6).
- 3.6. Whilst the contracts are being procured primarily to address the specific requirements of HRA Housing properties, non-Housing properties are included within the scope and the indicative contract values over the lifetime includes an allowance for their use on Corporate buildings.
- 3.7. The contracts contain elements of work or services for which leaseholders may be charged, so the requirements of Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002, will apply.
- 3.8. Leaseholders have been consulted prior to tender. Stage 2 notices will be issued, and a 30-day notice period will then need to be observed, which can run concurrently with the approval and mobilisation periods.
- 3.9. The contracts are in the form of a Qualifying Long-Term Agreement (QLTA) and so prior to any works orders being raised, those leaseholders affected will be consulted again, with estimates of cost.

4.0 Procurement and project risks

- 4.1. Council officers will carry out regular checks against the market to ensure that the contract rates continue to deliver value for money and, if they do not, the option to end or reduce the use of the contracts can be considered.
- 4.2. The contracts include a price adjustment mechanism, based upon CPI, which has obviated the need for tenderers to over-estimate the risk of cost increases in their tenders.
- 4.3. To ensure consistent quality and performance throughout the contracts, Performance Indicators (PIs) will be incorporated into the contracts and managed by staff within Housing Services. The PIs will be divided into the following categories:
- Key Performance Indicators (KPIs): These indicators are directly linked to contractual non-performance clauses, providing benchmarks for evaluating compliance and service delivery standards.
 - Measures: These indicators will provide additional information to enable effective management of the TAC-1 contract. They do not directly trigger contractual non-performance clauses but contribute to comprehensive contract oversight and performance assessment.

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- 4.4. This categorisation of PIs aims to uphold rigorous monitoring while facilitating proactive management and continual improvement throughout the contract duration.
- 4.5. Each PI is defined under the following headings:
- Purpose – the reason for collection of the PI
 - Calculation Methodology – How to calculate performance in relation to the PI
 - Scorer – who is responsible for calculating the PI
 - Frequency – how often the PI should be formally calculated
 - Target – the performance level that should be aimed for
 - Type – whether the PI is a KPI or a Measure.
- 4.6. The KPIs will be reported monthly. Each KPI has a specific target and frequency for measurement, which will be reviewed monthly. If the Contractors fail to meet the Minimum Acceptable Score in one or more KPIs, as outlined in the KPI Framework for that month, quarter, or year, they must submit a plan to the Council within ten business days of the review meeting. This plan, known as the Action Plan, must outline how they intend to resolve these failures within two months (or sooner if required by the Council) from the date of the review meeting. Monitoring KPIs in the future will ensure that contractual obligations are fulfilled efficiently and effectively, enhancing overall service delivery and satisfaction.

5.0 Added social value

- 5.1. The contracts contain a requirement for the contractor to deliver Social Value, but it is simplified to a requirement of 1% of the contract value each year, with the initiatives delivered to be agreed by a stakeholder group annually.
- 5.2. This gives the opportunity for the social value deliverables to be identified by residents and Councillors and to change over time.
- 5.3. The Council will focus proposals on the relevant Social Value themes as set out in the Government's 2020 Social Value model, those being;
- Ongoing Covid 19 recovery
 - Tackling economic inequality
 - Fighting climate change
 - Equal opportunity
 - Wellbeing

OTHER OPTIONS CONSIDERED AND REJECTED

- 6.1. **Existing frameworks** – The Council is seeking to procure a partner to deliver services to Havering properties and would prefer not to procure through a framework which was not set up specifically to provide the service to the Council's requirements, and which has additional framework costs.
- 6.2. **Restricted tender or Competitive Dialogue** – Both restricted and competitive dialogue processes were considered. The nature of the works and services being

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- procured and the breakdown into contracts means that each contract is focussed on specialists delivering particular services and would be suitable for SME's, and an Open process was considered more appropriate.
- 6.3. **Shorter term for contract** – Procurement is expensive and resource intensive for public sector employers and contractors. The preference in the market is for longer-term contracts as these spread the cost of procurement over a longer term and give more scope for the stakeholders to create a true partnership. A longer-term contract shows commitment and gives bidders the incentive to develop staff to deliver within the partnership.
- 6.4. **Do Nothing** – Maintenance of rented homes in a safe and operational condition is a legal requirement for social housing provision and doing nothing is not an option. The existing services are being delivered through ad hoc contractual arrangements which are not desirable in the longer term.
- 6.5. **To combine these contracts with contracts for Corporate buildings and schools** – this option was discussed with officers within the Corporate Service but was rejected due to the timing to facilitate contracts in all areas and the specific requirements within each area. In addition to this, there were Section 20 Leaseholder issues that would need to be dealt with prior to the procurement exercise being carried out, which are not possible to resolve within the required timescales. It was, however, agreed that the new contracts would be written to include the option for them to be used by schools and the Corporate service in future should the need arise once their existing contracts have expired.
- 6.6. Therefore, the above options were considered and rejected at pre procurement stage.

PRE-DECISION CONSULTATION

Leaseholders have been consulted prior to tender under Section 151 of the Commonhold and Leasehold Reform Act 2002.

Business partners have been consulted, and their comments are included within the body of this report

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Mark Howard

Designation: Planned Works and Direct Delivery Manager

Signature:



Date: 17th November 2025

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

7.0. Legal implications and risks:

- 7.1. 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.
- 7.2. Therefore, the Council has the power to award contracts for these works under Section 111 of the Local Government Act 1972, which allows the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
- 7.3. The Council may also award the contracts using its general power of competence under Section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. No limitations are engaged by these proposals.
- 7.4. The Council is a contracting authority for the purpose of the Public Contracts Regulations 2015 (PCR). Whilst they are viewed as a suite of contracts, each contract is objectively separable from the others and is procured on a stand-alone basis. The value of each contract respectively is above the PCR threshold for works or services as applicable. Each is therefore caught by the full PCR regime. The open tender process used complies with the PCR.
- 7.5. Leaseholder consultation is required under Section 20 of the Landlord and Tenant Act 1985 (as amended) and as stipulated by Section 151 of the Commonhold and Leasehold Reform Act 2002. This decision is subject to the consultation concluding to notify leaseholders of the preferred bidders.
- 7.6. The Council is a Best Value authority and has a duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. As set out in this report, officers consider the proposals achieve Best Value.
- 7.7. For the reasons set out above, the Council may award the contracts.

FINANCIAL IMPLICATIONS AND RISKS**8.0. Financial implications and risks**

- 8.1. The contracts will be funded from the HRA and General Fund. Contract spend will be aligned with business priorities and approved budgets on an annual basis. Funding could be from both the HRA and General Fund revenue and capital budgets. With them being “measured term” contracts, funding specifics will need to be identified during the project/programme design stage.
- 8.2. As “measured term” contracts, works orders are raised for projects or programmes, but the contractors are not guaranteed all or any work under the contracts, and have no claim to compensation if orders are not forthcoming or do not meet the indicative contract values.
- 8.3. The contracts have been procured primarily to address the specific requirements of the HRA properties, but options were included for works to non-HRA Housing and non-Housing properties, should those services wish to use them.
- 8.4. The overall maximum contract value procured through these contracts could be up to £94.05million, although it should be noted that there is no contractual commitment to do so. As per the report, a price adjustment mechanism has been included in the contracts linked to Consumer Price Index (CPI).
- 8.5. Across five of the six contracts, there were at least nine potential contract partners for the authority to assess and consider. Value for money is therefore likely to have been secured given the competition. One contract had three bidders and whilst that offers less assurance compared to the other contracts the authority will monitor the market rates to ensure that the prices it pays is reasonable.
- 8.6. This includes up to £59million of works over the 10-year period of the contract and a further £35.05million of works could also be delivered, should the contracts be extended for a further 6-year period. A further breakdown is set out in the table below:

	10 Year period	Further 6 Year Period
Revenue HRA (including asbestos surveys and removal, FRA's, testing and inspection of lifts and water systems)	Up to £22m	Up to £13m
Revenue GF	Up to £2m	Up to £1m
Capital HRA (including asbestos surveys and removal for major works and fire safety works)	Up to £31.5m	Up to £19m
Capital GF	Up to £3.5m	Up to £2.05m
Total	Up to £59million	Up to £35.05million

Table 1 – Possible Forecast Expenditure

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Cost Avoidance

- 8.7. The award of these contracts will help the Council to keep the stock in good order; clearly, failure to keep the housing stock in serviceable condition could lead to further financial liabilities being incurred and potential loss of rental income.
- 8.8. Where appropriate, leaseholders will be expected to contribute to works under these contracts, via service charge or major works contribution depending on the specific project or programme in compliance with the law.

Financial Stability

- 8.9. As required by the Council's Contract Procedure Rules financial checks have been undertaken using Experian.
- 8.10. The following contractors were assessed as Very Low Risk:
- AJS Limited
 - AA Woods
 - HSL Compliance Limited
 - Pennington Choices Limited
- 8.11. Cube Environmental Services were assessed as Above Average Risk, but award is recommended on the basis that the Council has had a long and successful relationship with this contractor, the value of each works order is low, and payments are in arrears.
- 8.12. The contract will be closely monitored, and further Experian checks will be carried out quarterly for the first year, and annually thereafter.
- 8.13. Precision Lift Services were initially assessed in August 2025 as Maximum Risk but a subsequent check in November 2025 assessed the company as Very Low Risk.
- 8.14. Award to Precision Lifts is recommended but on the basis that the company provides reassurances as to the continued financial health of the business and that the contract will be closely monitored and further Experian checks will be carried out quarterly for the first year, and biannually thereafter.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

- 9.1. The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.
- 9.2. The services covered by the contracts are currently provided on an ad hoc basis which does not give rise to any definable TUPE obligation.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

- 10.1. 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.
- 10.2. “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 considered them, the duty is discharged.
- 10.3. The awarding of these contracts 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 these new contracts will have a positive impact on their well-being.
- 10.4. An Equalities and Health Impact Assessment was completed for the Cabinet report seeking approval for this procurement and so another has not been prepared for contract award

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

- 11.1. London Borough of Havering is committed to protecting and promoting the health and wellbeing of residents.
- 11.2. There are no direct health and wellbeing implications arising from the recommendation to issue 6 building compliance-related contracts.
- 11.3. Delivery of these contracts will enable provision of safe, comfortable housing and good quality services, which will promote good health and wellbeing.
- 11.4. Poor quality housing can have serious negative impacts on individual’s health and wellbeing and a significant negative impact on communities.
- 11.5. The Council is responsible for improving and protecting health and wellbeing of local residents under the Health and Social Care Act 2012.
- 11.6. These contracts will support the aims and delivery of the Housing Asset Management Strategy ensuring that the Council provide the right homes for our residents that are affordable, safe, are of high quality and provide good communities in which to live and work.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

- 12.1. Environmental and Climate Change implications of delivery of the contracts were assessed through contract award as part of the Quality evaluation process; tenderers were evaluated on 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.
- 12.2. The works themselves comprise largely inspections and minor maintenance, so in themselves they do not have a significant Environment and Climate Change impact but the contracts for Asbestos Removal and Water Hygiene in particular could have wider environmental impacts which will be monitored closely through contract management.

BACKGROUND PAPERS

Cabinet Decision of 25th September 2024

APPENDICES

Appendix A Tender Returns and Evaluation (Exempt not for publication)

Key Executive Decision – Part Exempt Report

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Proposal NOT agreed because

Details of decision maker

Signed

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____