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## CABINET

**Subject Heading:**

Approval to increase the term and value of a contract for Estate Improvements and External Works

**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

**Financial summary:**

The proposed extension to the contract will cost up to £3m. The funding is included in the HRA Business Plan, approved at Cabinet in January 2026.

**Is this a Key Decision?**

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

**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 responsibilities as a landlord, it has a duty to undertake repairs and maintenance to its HRA housing stock. The Council entered into a contract with BTS Property Solutions Limited (formally Build-Therm Services Limited) for estate improvements and external works. The original contract was awarded for a five-year term.

The Council is in the process of awarding and mobilising several long-term Major Works contracts through which these services will be delivered in future, but due to a longer than anticipated procurement and mobilisation programme, there may be a gap in service delivery, which this requested extension will address.

In order to allow the timely delivery of works already identified, it is proposed to extend the existing contract for 12 months until the new contracts are fully operational, later in 2026. This will also allow for the current procurement to be completed and time for mobilisation under the new contract.

## **RECOMMENDATIONS**

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

- a) Agree to extend the contract with BTS Property Solutions Limited to deliver estate improvements and external works to HRA properties for a period of one year at a maximum value of £3 million.

## **REPORT DETAIL**

### **1. Background**

- 1.1. Through the Asset Management System, Housing Services identified a Borough-wide need for estate improvements and external works. Following a competitive procurement process, the Council awarded a contract to Build-Therm Services Limited to carry out these works.
- 1.2. An approval through an Executive Decision was obtained in June 2020 to procure this contract. Following a successful procurement exercise, in November 2020 Cabinet approved the award to Build Therm Services Limited to a maximum value of £50 million for a maximum of five years. The contract commenced in 2021.
- 1.3. The contract was subsequently novated to BTS Property Solutions Limited as part of a company restructure.

- 1.4. The contract was originally awarded by the council for a five-year period. Its primary aim was to deliver estate improvements and external works, ensuring compliance with safety regulations and improving the security and aesthetics of these buildings.
- 1.5. 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.
- 1.6. It is largely due to this existing contract that the Council was able to successfully bid for grant funding under the Warm Homes: Social Housing Fund, and before that, the Social Housing Decarbonisation Fund; the pre-existence of a suitable supply chain has allowed the service to commence delivery ahead of most in the sector.
- 1.7. The works typically delivered through this contract include the recently completed refurbishment of the flats above shops at Petersfield Avenue and the retrofit fabric upgrades of 59 sheltered housing properties in Poplar Street and Cedar Road, for example.

## **2. Rationale for Extension**

- 2.1. The Council is in the process of awarding a number of long-term Major Works contracts through which these services will be delivered in future.
- 2.2. The procurement was through a Competitive Dialogue process, which began with a contract notice in February 2025 and which concluded with evaluation of final submissions in January 2026.
- 2.3. Award of those contracts is currently going through the appropriate governance process.
- 2.4. Due to some slippage in the procurement process and a longer than anticipated mobilisation period, those contracts will not be live until later in 2026.
- 2.5. An extension is required until the council can commence the major works framework. 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 contracts are fully operational, allowing the council to effectively address ongoing maintenance and safety needs without interruption.
- 2.6. The current contractor demonstrated consistent, satisfactory performance throughout the five-year period. Quality assessments and performance reviews confirmed that the work met both regulatory standards and the council's expectations for quality and safety.

### **3. Existing Contract**

- 3.1. The contract form is the JCT Measured Work 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 £3m is the maximum estimated cost for the proposed extension, based on the works orders to be delivered between now and commencement of the new framework contracts.
- 3.4. As a Measured Term contract, the Council is under no obligation to place orders with the existing contractor once the new contracts are fully mobilised, but the extension sought provides reassurance that service delivery will not be impacted.
- 3.5. Delivery of these services will commence through the new framework contracts as soon as mobilisation is sufficiently advanced.

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

- 4.1. 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.
- 5.2. Delivery of further social value will be in line with the Council's recently approved Social Value policy.

## **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 an extension of the contract is approved to ensure continuity and uphold the quality of service provided pending mobilisation of the new contracts.

### **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.
- 7.3. Therefore, the above options were considered and rejected.

## **IMPLICATIONS AND RISKS**

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

- 8.1. The service is looking to extend for one year an existing contract that will cease in February 2027. This is to allow transition to occur for the forthcoming provider to complete mobilisation. The proposed one-year extension to the contract will cost up to £3m.
- 8.2. There is existing budget within 2025/26 HRA Capital Programme. In respect to 2026/27, the funding is included in the HRA Business Plan, approved by

Cabinet in January 2026. For transparency, the Capital Programme pipeline for the next 3 financial years is reflected below in respect to this activity:

HRA	2026/27	2027/28	2028/29
Capital Programme	£'000	£'000	£'000
Retrofit	5,000	5,000	6,000
Estate Improvements	1,000	1,000	1,000
<b>Total</b>	<b>6,000</b>	<b>6,000</b>	<b>7,000</b>

8.3. 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 contract was procured under the Public Contracts Regulations 2015 (PCR) regime and therefore the provisions of PCR would apply to any modifications to the contract.

9.5. The Contract was originally valued at £15m-£50million over the 5 year contract period. Regulation 72(5) allows for modifications of contract as below:

(5) This paragraph applies where the value of the modification is below both of the following values:—

(a) the relevant threshold mentioned in regulation 5, and

(b) 10% of the initial contract value for service and supply contracts and 15% of the initial contract value for works contracts,

provided that the modification does not alter the overall nature of the contract or framework agreement.

9.6. The threshold to procure works was c£4.5million and even if the lower of the contract value range is to be taken into account, the value of the proposed extension is below the threshold and therefore falls within the remit of the above exemption.

9.7. Subject to the above, the contract may be extended for a year up to a maximum value of £3million

## **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. There are no direct health and wellbeing implications identified in relation to the recommendation to extend the contract with BTS Property Solutions Limited

12.2. 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.

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

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

12.5. 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. BTS Property Solutions Limited have committed to Supporting Havering's 2040 zero carbon commitment/creating 'greener' more sustainable communities and is the contractor through which the HRA retrofit programme has been delivered thus far.

**BACKGROUND PAPERS**

No Background Papers

**APPENDICES**

No Appendices