

## 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

<b>Subject Heading:</b>	Award of Contracts for Major Capital Works for Housing Services
<b>/Decision Maker:</b>	Neil Stubbings – Strategic Director of Place
<b>Cabinet Member:</b>	Councillor Paul McGeary – Lead Member for Housing and Property
<b>ELT Lead:</b>	Neil Stubbings – Strategic Director of Place
<b>Report Author and contact details:</b>	Mark Howard- Planned Works and Direct Delivery Manager <a href="mailto:Mark.howard@havering.gov.uk">Mark.howard@havering.gov.uk</a> 01708 43400
<b>Policy context:</b>	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 January 2026
<b>Financial summary:</b>	This contract will enable the Council to comply with its statutory requirements as well as invest in new sustainable technologies in the future as set out in the body of the report.  The potential total procurement value is approximately £225M over 14 years

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	commencing in July 2026, split over three separate contracts, £203M to be met from the Housing Revenue Account ('HRA') and £22M from General Fund for potential works to Corporate buildings.
<b>Reason decision is Key</b>	Key on the grounds that this report involves  (a) Expenditure or saving (including anticipated income) of £500,000 or more
<b>Date notice given of intended decision:</b>	19th January 2026
<b>Relevant Overview &amp; Scrutiny Committee:</b>	Place
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	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

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

Approve the award of a suite of three contracts as follows, each for a term of ten years with an option to extend for a further four years, for the provision of major 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 £225million, inclusive of the extension period:

- Large Complex Blocks – UI Social Infrastructure Limited
- Medium and Low-Rise Blocks and Estates – UI Social Infrastructure Limited
- Street Retrofit and Internals – Equans Regeneration Limited

### **AUTHORITY UNDER WHICH DECISION IS MADE**

**Cabinet Decision of 25<sup>th</sup> September 2024: “Large Complex Works and Street Retrofit”**

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 and are appropriately maintained and modernised are currently provided under a number of separate, shorter arrangements and it is desired to put the delivery on a longer-term contractual footing.
- 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.

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- 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. Due to the age profile of the stock, many blocks have multiple building elements which are reaching end of life at similar times.
- 1.7. In addition to that, there are a number of considerations regarding building standards, safety and compliance, such as the Building Safety Act (2022), Decent Homes 2, Awaabs Law and the Council's Net Zero target of 2040 which have made the delivery of planned works to blocks increasingly complex.
- 1.8. To this end it is desired to procure contracts which can consider and deliver planned works to blocks and individual homes in an holistic, joined-up manner.
- 1.9. This approach avoids abortive work and is far more efficient and cost effective in avoiding duplicate scaffolding, site preliminaries and other costs (some of which will fall on leaseholders) and the simple inconvenience of multiple contractors over an extended period.
- 1.10. Whilst works to homes which are not in blocks are largely more straightforward, the imperative to achieve the Net Zero Carbon target by 2040 means that as well as the typical planned and cyclical works, major investment is also now required in energy efficiency measures, which mandates a focus on a contract and supply chain which can deliver cost effective solutions and guarantee delivery in the face of increasing competition in the market.
- 1.11. The works to be delivered under the three contracts will be those identified by the Asset Team in Property Services, drawing upon the stock condition surveys carried out by the team and by Savills, and held on the Keystone asset database.
- 1.12. The works will be a combination of traditional planned works to renew building elements at end of life, and works to address specific initiatives, changes in legislation or policies, as noted above.
- 1.13. The procurement encompassed three contracts, tendered as separate Lots with tenderers able to win lots 1 and 2, but not all three or other combinations.

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1.14. The contracts are as follows, with estimated contract values over the full possible contract term:

<b>Contract</b>	<b>Maximum value over 14 Years</b>
<b>Lot 1. Large Complex Blocks</b> Includes planned works to high-risk blocks which fall under the remit of the Building Safety Act 2022 <ul style="list-style-type: none"><li>• Renewal of building fabric elements (roofs, windows &amp; doors, lifts, floors and walls)</li><li>• Cladding or over-cladding</li><li>• Installation of insulation</li><li>• Major fire safety element renewal and installation</li><li>• Structural repairs and alterations and subsidence</li><li>• Installation of Energy Efficiency measures</li><li>• Renewal or installation of mechanical, electrical and plumbing services to homes and communal areas</li></ul>	<b>£25m</b>
<b>Lot 2. Medium and Low-Rise Blocks and Estates</b> Includes planned works to all other Housing blocks and the wider estates on which they sit <ul style="list-style-type: none"><li>• Renewal of building fabric elements (roofs, windows &amp; doors, lifts, floors and walls)</li><li>• Cladding or over-cladding</li><li>• Installation of insulation</li><li>• Major fire safety element renewal and installation</li><li>• Structural repairs and alterations and subsidence</li><li>• Installation of Energy Efficiency measures</li><li>• Renewal or installation of mechanical, electrical and plumbing services to homes and communal areas</li></ul>	<b>£95m</b>
<b>Lot 3. Street Properties and Internals</b> Includes works to individual houses and bungalows and internal works to any property type <ul style="list-style-type: none"><li>• Renewal of building fabric elements (roofs, windows &amp; doors, floors and walls, kitchens and bathrooms)</li><li>• Installation of insulation</li><li>• Structural repairs and alterations and subsidence</li><li>• Installation of Energy Efficiency measures</li><li>• Renewal or installation of mechanical, electrical and plumbing services</li></ul>	<b>£105m</b>

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- 1.15. However, there is a deliberate but not complete overlap to allow the Council a degree of flexibility if one contractor's performance slips, or they are temporarily unable to resource a specific project.
- 1.16. Where either contractor undertakes a project involving specialisms that require sub-contracting, they will be expected to use other contractors already in contract with the Council, wherever possible.
- 1.17. Both contractors are expected to utilise local sub-contractors and suppliers, and to employ local labour wherever possible.
- 1.18. Approval to this procurement was given by Cabinet in September 2024 in the report "Large Complex Works and Street Retrofit"

### **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 20th February 2025, ref no 2025/S 000-006462
- 2.3. The Council followed a Competitive Dialogue tender procedure as set out within the Public Contracts Regulations 2015.
- 2.4. The reason for adopting Competitive Dialogue is that the potential long-term nature of the contract and the changing technology which will be installed throughout the duration of the contract warrant discussion with bidders in relation to how they will continue to develop their delivery models and assist Havering with the 2040 net zero carbon target.
- 2.5. The Council undertook the procurement through a staged procurement approach. This included:
  - An initial SQ stage (Selection Questionnaire) which was completed in April 2025, 15 compliant bidders were reduced to 6 for each Lot through an evaluation panel scoring their returns.
  - A second RCP Stage (Request for Contractors Proposals) which was completed in July 2025. Of the 6 bidders invited to the RCP stage, one withdrew and bidders were reduced to 3 per Lot through an evaluation panel scoring their returns.
  - A CD stage (competitive dialogue) at which the Council and the three contractors could discuss the project to determine areas which require

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clarification. This stage was not scored and did not affect the outcome. This was completed in September 2025.

- A final RFT stage (Request for Tenders) which ended in December 2025.

- 2.6. 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 Merzell procurement portal operated by Lumensol. The reason for this is that third party consultants are unable to access the Council's own Fusion portal.
- 2.7. All bids were evaluated on price and quality based on a 50% Quality, 40% Price, and 10% Social Value weighting.
- 2.8. 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.
- 2.9. 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 July 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 four years to end in July 2040.
- 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.
- 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 (£200K in year 2, £90K 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

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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.
- 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

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- 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 Council's recently approved Social Value policy.

### **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. **Open Tender** – The work is complex and requires contractors with the ability to work within a strict regulatory framework and deliver multiple high-value projects simultaneously. An Open Tender approach would not easily filter out tenderers who do not meet the criteria.
- 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 contractual arrangements which are not desirable in the longer term.

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- 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: 24<sup>th</sup> February 2026

## **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.

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- 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 Competitive Dialogue 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. 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 £225million, 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).

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- 8.5. Across the three contracts, there were at least fifteen potential contract partners for the authority to assess and consider. Value for money is therefore likely to have been secured given the competition.
- 8.6. This includes up to £160million of works over the 10-year period of the contract and a further £65million of works could also be delivered, should the contracts be extended for a further 4-year period. A further breakdown is set out in the table below:

	10 Year period	Further 4 Year Period
Capital HRA (including asbestos surveys and removal for major works and fire safety works)	Up to £144m	Up to £58.5m
Capital GF	Up to £16m	Up to £6.5m
<b>Total</b>	<b>Up to £160million</b>	<b>Up to £65million</b>

Table 1 – Possible Forecast Expenditure

### 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. Equans Limited were assessed as Low Risk and United Living as Very Low Risk.

## **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 There may be implications under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) and there is an obligation under the existing contracts for the incumbent contractors to provide relevant details of all staff who they believe may be affected. This information has been provided to all tenderers, in line with the principles of the Data Protection Act 2018. The ITT

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document specified that potential bidders are obliged to satisfy themselves that they would be able to meet any potential TUPE requirements relating to this tendering exercise.

### **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

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### **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 3 building-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 include major works which will improve the energy efficiency of HRA homes and contribute towards the Council's targets of EPC C by 2030 and net zero carbon by 2040.

### **BACKGROUND PAPERS**

**None**

### **APPENDICES**

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

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**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 \_\_\_\_\_