

Agenda Item No	Topic	Decision
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**Items considered in public**

8	CHE S250 Planned Internal Works Contract Award	<p><b>RESOLVED:</b></p> <p><b>To approve the award of a 2 year contract to Contractor C for planned internal works to council housing stock, with a further year to complete instructed works, at a value of up to £8m, which has been directly called-off the Fusion 21 framework.</b></p> <p><b>Reason(s) For Decision / Options Appraisal</b></p> <p>5.1.0 The Council’s capital delivery programme is essential to ensuring the ongoing maintenance of the housing stock, ensuring it reaches the required standards. One of the key aspects of this is ensuring that the inside of the home is in a decent condition; this means having a kitchen, bathroom, electrical and heating system which are to a good condition and modern standard. It also means ensuring the home is free of hazards to the safety of residents, and provides adequate fire safety measures (including alarms and fire stopping).</p> <p>5.1.1 These works are essential to improve residents' welfare and living conditions. The main benefits of the works will be in improving fire safety, ensuring hundreds of tenants benefit from new kitchen, bathroom and heating facilities in their homes.</p> <p>5.1.2 In 2021 the Council’s long term framework (which was called ‘Contract 1’) ended. In 2020 a business case was approved to award an interim contract to cover planned internal works, because it was expected that there would be a delay in the procurement of a replacement contract due to the disruption of Covid and the cyber attack. The work to procure a planned internal work contract was not actively progressed in 2020 or 2021 due to the ongoing limitations on working in people’s homes from covid restrictions. The programme development was also made more complex due to loss of key data.</p>
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**London Borough of Hackney – Decisions taken by the Cabinet Procurement and Insourcing Committee on Monday 23 October 2023**

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		<p>5.1.3 From 2024, there will be a new Regulator for Social Housing. One of the new consumer standards will be 'Quality and Safety'. The work in this contract will be key to ensuring that these homes are improved to satisfy these standards.</p> <p>5.1.4 The properties have been selected based on the Council's 7 year programme which was published as part of the Housing Asset Management Strategy in 2019. The business case for this project makes provision to complete necessary internal works to all homes in line with this planned programme. The work will start with properties in Year 1 of the programme. The work will continue insofar as the contract value permits. The scope of work is subject to ongoing surveys.</p> <p>5.1.5 There are about 3500 properties in each year of the programme, of which about 30% are leasehold. It is not the Council's responsibility to carry out this work to leasehold properties.</p> <p>5.1.6 In Year 1 of the 7 year programme, there are about 3500 properties in total. Of these:</p> <ul style="list-style-type: none"> <li>C.1100 are leasehold and will not be included</li> <li>C. 700 may require work</li> <li>C.1700 are unlikely to require work</li> </ul> <p>At present surveys are being undertaken to finalise the list of properties that require work. Surveyors are surveying all 700 properties which may require work, and a 10% sample of homes where it is unlikely they require work (this sample will be expanded as necessary). Currently it is estimated that about 200-300 properties in Year 1 will require planned internal works.</p>

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		<p>5.1.7 Surveys on properties in Year 2 of the programme will be started in early 2024. There is likely to be a similar number of qualifying properties in this set. Further surveys will be carried out as required.</p> <p>5.1.8 The original business case included planned internal works to Lincoln Court also; this work was awarded via a Delegated Powers Report in November 2021. This work started in March 2022 and is now complete.</p> <p>5.1.9 The works are proposed to be awarded in multiple batches; the first in late 2023 to cover all qualifying homes in Year 1. The second will be issued to follow on from this and achieve continuity of works. At present this is estimated to be in summer 2024 (subject to contractor performance and programme of the first batch). This batch will be all qualifying homes in Year 2 of the capital programme. Further batches will be issued, subject to available contract value.</p> <p><b>Alternative Options (Considered and Rejected)</b></p> <p>The full details of the alternative options considered at the start of this work was set out in the Business Case report (Ref: NH Q86) which was approved by CPC in July 2020. The summary is:</p> <p><b>Option 1</b> - Hold procurement of these works until new contracts are in place (rejected)</p> <p>Contract 1 ended on 31 August 2021. The procurement of the new framework contracts has been delayed by the Covid-19 lockdown, both due to internal operational limitations, and the need to ensure the market is suitable to procure long term contracts. It is estimated that the tender exercise will start in spring 2023, however, it will be spring 2024 before a contract is signed as the tender process, leasehold consultation and internal governance approvals take about a year for a contract of this scale.</p>

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		<p>As a result the Council decided in July 2020 to procure the Planned Internal Works via an interim contract so that this work could proceed before the planned main framework is in place.</p> <p><b>Option 2 – Procure a Stand Alone Contract (rejected)</b></p> <p>This option involves carrying out an independent procurement process to let the works. In general this option requires more resources than the proposed option to use an external framework, and this was rejected as it presented a risk of diverting resources from the main procurement work for the new long term contracts and causing further delays.</p> <p><b>Option 3 - Insourcing the work (rejected)</b></p> <p>The option of in-sourcing the planned works was examined, however, the scale of the work, both in value and in type, and the timescales involved, means that it was neither desirable nor possible to restructure the DLO in time to carry out this work.</p>