

<b>Title of Report</b>	Main Contractor for Social Housing Decarbonisation Fund (SHDF) part grant funded capital works to Hackney owned homes.	
<b>Key Decision No</b>	CHE S227	
<b>For Consideration By</b>	Cabinet	
<b>Meeting Date</b>	24 July 2023	
<b>Cabinet Member</b>	Cllr McKenzie - Cabinet Member for Housing Services	
<b>Classification</b>	Open	
<b>Ward(s) Affected</b>	All	
<b>Key Decision &amp; Reason</b>	Yes	Significant in terms of its effects on communities living or working in an area comprising two or more wards
<b>Implementation Date if Not Called In</b>	2 August 2023	
<b>Group Director</b>	Rickardo Hyatt - Group Director for Climate, Homes and Economy	

<b>Contract Value</b>	<b>Up to £20 million [excl' VAT]</b>
<b>Contract Duration</b> (including any extensions e.g. 2 yrs + 1 yr + 1 yr)	2 year (+ 1)

## 1. Cabinet Member's introduction

- 1.1. The Council is passionate about its housing stock, and is committed to the aims and principles of social housing. It is both a privilege and a duty to repair and maintain the Council's near 32,000 homes and estates, where tenants & leaseholders live. In 2019 we published the Housing Asset Management Strategy (2019 - 2027) that set out a long term vision for our

homes. The Council's stated aim is to no longer let properties rated lower than EPC 'C' by 2030; within reasonable technical and financial limits.

- 1.2. In 2020 the Government announced the Social Housing Decarbonisation Fund (SHDF); a £3.8 billion programme over 10-years; that aims to improve the energy performance of social rented homes. A £62 million Demonstrator fund announced in 2020 was followed by £160 million for the 1st wave in the 2021/22 delivering to January 2023. Wave 2.1 went live in September 2022 with grants totalling £778 million announced in March of this year (2023).
- 1.3. In March 2023 the London Borough of Hackney received notice of the award of a capital grant of up to £4.5 million from the Department of Energy Security & Net Zero (DESNZ). This report sets out our plans to use this funding to part fund energy efficiency improvement works to up to 550 of our council homes.
- 1.4. A condition of the grant is that the Council must at least match fund the full amount of grant awarded. The strategy for this work has been informed by retrofit assessments which indicated that a contract sum of up to £20 million be approved to carry out works to get these homes to the EPC 'C' standard and carry out essential associated maintenance works.
- 1.5. The report recommends an approach to appoint a Main Contractor to deliver these energy efficiency works in line with the funding timetable and the contract period.
- 1.6. The homes identified for inclusion in this project are our least energy efficient homes, often older street properties. This work will contribute to our Net Zero ambitions and help residents lower the cost of heating their homes.
- 1.7. Works may be required to up to nine leasehold dwellings as part of the overall package of works and, as set out below our recommendation is to waive the recharge to these leaseholders as the charges would be capped in any event because of the grant award, and there is a need to move swiftly to ensure that all grant is used by March 2025 in improving the efficiency of all of the homes in the programme.

## 2. **Group Director's introduction**

- 2.1. This report summarises a number of alternative options that have been carefully considered and evaluated to best procure a single Main Contractor to deliver these part SHDF grant funded capital works.
- 2.2. Housing Services are in the process of procuring a Main Contractor framework; the earliest estimated date for this to be operational is late 2024. The above timeline rules out the possibility of achieving the necessary level of capital spend needed to claim grant of up to £1.8 million by the end of March 2024. Whilst it may be possible to achieve some part grant funded

capital delivery in the financial year 2024 - 25 the most efficient delivery route is via this contract.

- 2.3. A suitable qualified Consultant will be appointed via a separate procurement exercise to provide all of the necessary surveys, Retrofit Assessor and Coordinator roles (under the PAS 2035 process which is a condition of funding) together with Cost Consultancy, Contract Administration, Project & Programme Management. Hackney Council will lead on resident engagement.
- 2.4. The fund carries a requirement to deliver the work in accordance with the PAS 2035 standard, retrofitting dwellings for improved energy efficiency. All consultants and contractors will be required to have qualifications in line with this standard. The council will take a client role, with technical lead via Capital Delivery staff and regular reporting to the Housing Investment Board.

### **3. Recommendations**

**Cabinet is recommended to:**

- 3.1. **Accept the Department of Energy Security & Net Zero (DESNZ) grant of c. £4.5 million (together with all of the associated conditions)**
- 3.2. **Approve expenditure of associated match funding for the above grant and add to the Housing Capital Programme.**
- 3.3. **Approve the business case for these works and the procurement strategy to undertake a Direct Award of the Social Housing Decarbonisation Fund (SHDF) works contract to a supplier from an external framework, namely South East Consortium (SEC) or National Housing Maintenance Frameworks.**
- 3.4. **Delegate the contract award for the works for up to £20m to the Group Director, Climate Homes and Economy, following consultation with the Group Director, Finance and Corporate Resources, and the relevant Cabinet Members, Housing Services & Resident Participation, and Insourcing & Customer Services.**
- 3.5. **To note that the report on the contract award for these works will be reported to the Cabinet Procurement and Insourcing Committee (CPIC).**
- 3.6. **To approve that the recharge of cost of these works to leaseholders are waived (a maximum of nine).**

### **4. Details of Alternative Options Considered and Rejected**

- 4.1. In order to consider options for this procurement exercise, officers considered some key decisions relating to contract types in the context of

the wider housing strategy; this report considers these, and explores the various available options.

- 4.2. The grant funding has been provisionally secured against 556 homes. These may require work to up to 721 homes to be carried out because of the inclusion of blocks of flats where not all homes are eligible under the bid. While properties have been identified for the fund, this is based on desktop information and the process requires specific surveys to be undertaken to confirm eligibility. It is expected that within this number there are homes which prove to be ineligible. It is also expected that there are homes where it is not readily technically possible to achieve the required standard. Hackney Council have maximised the numbers in the bid to ensure that even after these aspects are taken into account the council can still deliver a meaningful programme of work.
- 4.3. The grant fund makes a number of requirements about how the work is delivered. Key to these is the use of a new PAS2035 standard, which is a process for how retrofit works should be delivered to existing homes. This ensures that proper consideration is given to selecting measures which are suitable to the construction, are complimentary with one another, and which achieve the desired energy efficiency standard. There are also rules around monthly reporting to the department, rules on the selection of homes and funding levels, and requirements for risk assessments and other project management procedures to be in place. These are outlined in more detail in a presentation in Appendix 1.
- 4.4. **Contractor as Retrofit Coordinator:** Under PAS2035 it is possible to assign the role of Retrofit Assessor and Coordinator to the contractor. There are some advantages to this approach; it can be faster as the programme is almost entirely delivered within a single organisation, and it removes any ambiguity as to design responsibility in the works. However, a disadvantage is that it limits the ability of the council to ensure effective cost controls on the project. The appointment of a separate consultant to survey the condition of the properties and schedule the necessary works to bring the home to an EPC 'C' will offer an independent view to the contractor. In this model the consultant will be responsible for ensuring the selected measures are suitable and achieve the desired outcome; the contractor is responsible for any design work necessary for the selected measures.
- 4.5. **Existing Internal Contract:** A review of existing contracts was undertaken but none were suited to the scale and type of the work.
- 4.6. **Direct Procurement:** Consideration was given to carrying out a direct two stage procurement exercise. This was rejected as it would not be possible to complete this within the funding timetable.
- 4.7. **DLO for Heating Works:** Use of the Direct Labour Organisation (DLO) for heating related works; for most homes it is expected that there can be

beneficial improvements to hot water cylinder insulation and heating controls. Detailed examination suggested that this does not fit within the PAS 2035 assessment and coordination process which requires the Client to deliver all the qualifying works to any property via a single Contractor.

### **Success Criteria | Key Drivers | Indicators**

4.8. The success criteria / key drivers / indicators for this procurement exercise / contract award are:

- Improved energy efficiency of up to 556 homes, meeting the required EPC 'C' standard
- Ensuring residents benefit from improved thermal comfort and reduced energy bills
- Maximising claims on the available grant funding
- Pilot testing retrofit works to the new PAS2035 standard which is likely to be used more widely in future as part of the Net Zero target
- The contract will be subject to a range of KPIs similar to that on other capital projects
- Ensuring the most inefficient homes benefit from necessary improvements
- Delivering high quality work, with low defects rates and achieving high standards of resident satisfaction
- Ensure that this contract delivers social value to the local community and contribute to the Council's wider sustainability ambitions;

### **Whole Life Costing / Budgets**

4.9. The Asset Management Plan (AMP) element of the housing capital programme covers investment in all of the stock and assets managed by Housing Services. The distributed nature of predominantly street properties and estate houses raises added complexities to deliver these works.

### **Options Appraisal and Business Case (Reasons for Decision)**

4.10. The proposed option is to select a contractor from a suitable external framework. These are pre-established frameworks which offer a range of appointment terms to contractors who have already gone through a public procurement tendering process to be selected. The council often makes use of such frameworks in appointing contractors; one main limitation of them is

that they do not always enable consultation with leaseholders in accordance with Section 20 requirements in the Landlord and Tenant Act. This option will enable the council to enter into contract soon enough to carry out work within the funding window.

- 4.11. The selection of properties for this bid has focussed on homes. Some smaller blocks have been included. These include 9no. leaseholders. While these 9 homes are not included within the properties to be improved using the grant funding it may be necessary to carry out work to them to ensure that the neighbouring properties in the block can be brought to the EPC 'C' standard. For example it is possible to carry out internal insulation work to a single flat within a block but it is not readily possible to apply external wall insulation to only one flat.
- 4.12. Carrying out a Section 20 consultation process would not be possible within the timeframes for this funding bid. This is also a very minor aspect of the work with only 9 leaseholders of a total possible 721 properties. Consequently it is proposed that possible recharges to leaseholders are waived. Note that where leaseholders are included in the funding arrangements, the fund would require that their contributions are capped.
- 4.13. The preferred approach will be to use a partnering form of contract in line with the approach used on other council capital projects. This will be proposed as a two year contract, during which time projects can be instructed as 'Task Orders'. Rather than award a single contract for the full value and volume of work, this allows a phased approach and limits the amount of work instructed to a contractor at any one time. Typically task orders are expected to contain works to about 50 homes. This approach enhances the council's ability to manage performance as terms can be established to ensure that successive projects are only issued once a certain standard is demonstrated and maintained.
- 4.14. Hackney Council is a member of is the [South East Consortium \(SEC\)](#) which has two potential framework agreements:
  - A [Major Refurbishment Lot 1b \(+ £1 million\)](#): This framework covers multi-trade refurbishment works which are to be delivered by a single contractor. While it is has not been established with the specific intent of retrofit works, the measures typically required to bring a home to an EPC 'C' (e.g. roof and wall insulation, heating upgrades, window renewal) would typically be covered by major refurbishment works.
  - A [Zero Carbon Solutions | Delivery Framework \(Sept 21\)](#): This framework is more specifically established to deliver retrofit works and contractors have been assessed against PAS 2035 requirements to secure a place on the framework.

- 4.15. Another suitable framework is the NHMF (National Housing Maintenance Framework [NHMF Framework](#)). Similar to the SEC there is a framework for planned maintenance and one for Net Zero works, both of which are likely to be suitable for the works proposed.
- 4.16. During this period Housing Services will continue to procure their Main Contractor Framework which offers future potential for an element of the grant funded works to be delivered via this alternative route, if required.
- 4.17. The outlined approach potentially allows for a contract to be awarded in autumn 2023, with some works starting in the 2023/24 financial year. There will need to be some allowance in the programme for mobilisation and pre-contract surveys and pricing. While this timetable does mean that there is a risk to delivering 40% of the work in Year 1, this is unavoidable in the circumstances and it will put the council in a good place to maximise delivery in 'Year 2'.
- 4.18. The use of an external framework attracts a fee of up to 1.5%.

## 5. **Background**

### Policy Context

- 5.1. The proposed procurement supports the Hackney Sustainable Community Strategy 2018 - 2028, which sets our ambition on: how to empower local communities and target diminishing resources at our most vulnerable residents; how we can make sure that economic growth benefits everyone; and how we can ensure that people from different backgrounds can continue to afford to live and work in Hackney and be able to take advantage of the opportunities that London's status as the world's greatest city brings.
- 5.2. Mayoral Manifesto Commitment No.148 states - 'We will make sure all council homes achieve an efficient energy performance rating of C or above and we will set out a clear plan to help reduce home energy bills and reduce energy consumption by 2030 still further.'

### Strategic Context

- 5.3. The proposed contract meets the Mayor's priorities for a fairer, safer and more sustainable borough. Sitting under these priorities is the Mayor's vision that every resident in Hackney has a good quality and stable home, and the commitment to ensuring the Council continues to invest in and make best use of its housing stock to provide the homes, blocks and estates in which people want to live and are proud of.
- 5.4. The proposed contract aligns with the wider objectives of the Housing Asset Management Strategy 2019 - 2027; notably the target to get all homes to

EPC 'C' by 2030. The strategy sets out long-term objectives for investing in our homes and estates, and the ambitions that Hackney has for the quality of its homes and the related priorities to ensure that the limited available resources are directed at the greatest need.

- 5.5. The Landlord & Tenant Act 1987 places a legal duty on the Council for the repair and maintenance of their homes and estates. The proposed contracts make a significant contribution to undertaking this statutory function.

#### Equality Impact Assessment

- 5.6. As part of the selection process officers will work with the external framework provider to ensure all potential contractors have provided evidence that they comply with the Equality Act 2010. Contractors will be asked to demonstrate the following:
- that they operate an active equal opportunities policy that achieves targets that encourages an ethnically diverse workforce;
  - consideration for local employment, including disadvantaged people (people that face additional barriers in the labour market i.e. long term unemployed, etc.), and supporting young people to access and get started in the world of work;
  - London Living Wage (LLW) is be paid to employees, as a minimum

#### Sustainability and Climate Change

- 5.7. Sustainable development is at the heart of the borough's Community Strategy 2018 - 2028; for Hackney it is about achieving balanced, sustainable communities & neighbourhoods which celebrate diversity, share in London's growing prosperity and enable a good quality of life for all. Hackney Sustainable Procurement Strategy 2018 - 2022, forms part of the wider procurement strategy, was developed to support these priorities and, as a London Borough, we understand the importance of working with our neighbours and contributing to regional and national sustainability goals to realise local benefits.
- 5.8. Sustainable procurement is about taking account of the impacts of our purchased goods, services and works on people and communities whilst still delivering value to these communities. There is now clear evidence that embedding social value into procurement unlocks additional value, does not cost more and, ultimately, leads to better community outcomes. Maximising social value is one of the objectives of the Housing Asset Management Strategy 2019 - 2027. It is a process that takes account of the economic, social and environmental impacts, and during the tender process of this procurement exercise, each of these categories will be evaluated by the



responses given to a series of prescribed quality questions by all contractors.

- 5.9. The appointed Contractor will be obliged to comply at all times with the Environmental Protection Act 1990 and other relevant legislation, as well as the current Environmental policies of the Council; ensure any emissions from vehicles is minimised (preferably electric only)
- 5.10. As part of the selection process officers will work with the external framework provider to ensure all potential contractors have provided evidence of awareness of environmental issues in relation to the delivery of service to ensure that environmental issues are being actively addressed. A few examples are highlighted below:
- robust efforts to minimise miles travelled for materials delivery; consider products which have not been transported over long distances and work with suppliers to limit the frequency of delivered purchased goods to reduce the carbon emissions and particulates from vehicle exhaust;
  - measures to ensure vehicles are low carbon with preference given to electrical power
  - encourage recycling disposal to landfill only as a last resort option

#### Consultations

- 5.11. The properties identified for works have been selected to minimise any impact on leaseholders (currently up to 9) where the requirements of the Commonhold & Leasehold Reform Act 2002 (CLARA) will apply.
- 5.12. Delivery of these works will respond to an emerging consultation plan that has identified engagement with the following groups:
- Elected representatives;
  - Tenants (and a very few leaseholders - a maximum of 9 no. in total);
  - Housing Area Managers / Panels [as properties are in all seven areas];
  - Tenancy Management Organisations (TMOs) where applicable
- 5.13. The contract will also embed the consultation principles of the Housing Asset Management Strategy 2019 - 2027. The strategy sets out seven defined work stages for all capital projects, and notes the resident engagement actions for each stage. While the responsibility for much of the work will sit with an appointed consultant, these work stages will be used, and Hackney Council as client will approve the progress of work through these key stages.

#### Risk assessment

- 5.14. A Procurement Risk Analysis Tool (RAT) and Impact Assessment (PRIMAS) were completed as part of the review of this proposal and this confirms this Main Contractor appointment is judged to be 'high risk'

- 5.15. The selected Contractor must demonstrate rigorous compliance with current H&S (Health & Safety) procedures, GDPR (General Data Protection Regulation), DBS (Disclosure and Barring Service) checks of operatives, financial good standing and other requirements of public sector work. In addition they will be required to demonstrate a wide range of expertise; including a robust supply chain to deliver these works, with access to skilled Resident Liaison Officers and effective procedures in place to ensure they are able to work proactively with residents in their homes.
- 5.16. Social Value will be included as per the project PRIMAS risk assessment.
- 5.17. A detailed Risk Register will be produced for this contract and it will be updated monthly at the progress meetings. Some of the key risks and proposed mitigating actions are highlighted below.

**Table 2:** Key risks identified at this early stage

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L - Low; M – Med; H - High			
Proposed contracts sum exceed current estimates	M	H	H	Reduce the total number of properties (this in turn reduces the amount of available grant). Seek suitable alternative properties requiring a reduced level of capital spend.
Scope, scale & programme of works is too small, large or fast for one firm to deliver	H	H	H	Ultimately it is likely that the work will only be done to a portion of the homes in the current bid, due to costs and the detail of eligibility criteria.  Undertake informal discussions with potential contractors via the selected proprietary framework to ensure there is market appetite to deliver these works Note - a total of nearly £800 million of works has come to market at one time.

Risk	Likeli- hood	Im- pact	Ove- rall	Action to avoid or mitigate risk
	L - Low; M – Med; H - High			
Risks associated with availability of skilled labour and the uncertainty of future material costs	H	M	H	Encourage the appointed Contractor to address any labour issues through local employment and training of apprentices.  Mitigate against uncertain future material costs through ensuring appropriate supply chains are in place; with a clear preference for UK based suppliers.
This business case is rejected	M	M	M	Ensure that the content of this Business Case is both comprehensive and non-ambiguous.
Delays in procurement process	M	H	H	The Hackney project team will work to the project timetable which has contingencies for delays. The timetable will be regularly monitored and reviewed.
Failure by contractor to comply with contractual obligations	M	M	M	Select representative homes early in the project to set a benchmark standard & ensure the works are delivered to a consistent level of quality.  Ensure the Council can terminate the contract should the contractor repeatedly perform below acceptable standards.  Progress Main Contractor framework to have alternative future delivery routes.
Lack of contract management resources and other skills within Property & Asset Management	M	H	M	Appoint an external consultant to take the lead professional roles, including Contract Administrator, Retrofit Assessor and Coordinator, Cost Consultancy (QS) and project management

Risk	Likeli- hood	Im- pact	Ove- rall	Action to avoid or mitigate risk
	L - Low; M – Med; H - High			
Overrun on budget	M	H	H	<p>Work programmes, budgets and orders given to the contractors are continuously managed and formally monitored. Set a maximum threshold for spend per home and be prepared to substitute alternative properties to stick within the budget.</p> <p>All instructions of new works will be via HIB. There will be regular reporting to the Board also on projects on site</p>

## 6. **Proposed Procurement Arrangements**

### Procurement Route and current Applicable Law

- 6.1. The estimated capital spend is up to £20 million, over a maximum period of three years, with the works to be delivered in line with the funding timetable. This will be incorporated into the Housing AMP capital programme and incorporated into HRA business planning. The proposed contract is a single award specifically to deliver these part grant funded works.

The Public Contracts Regulations (PCR) 2015 require public contracts to achieve 'best value'; with the requirement to publish 'Find A Tender' Notice & Contract Award Notice for works contracts with values in excess of £5,336,937.

The use of the South East Consortium (SEC) proprietary framework is fully compliant with PCR 2015, and would fulfil these requirements.

### Resources, Project Management & Key Milestones

- 6.2. The Strategic Director of Housing Services is the Project Sponsor and the Lead Officer is the Head of Service in Property and Asset Management who will manage the full project life cycle in line with current project management methodology used within the Council.
- 6.3. Within the Property and Asset Management team, the Capital Delivery section led by a Contract Delivery Manager, will have overall programme management responsibility, lead on resident engagement and will also provide a Clerk of Works service to take handover of all works.
- 6.4. Within the Property and Asset Management team, the Strategic Asset Management team will be responsible for monthly reporting to the Department of Energy Security & Net Zero (DESNZ) in line with the fund requirements
- 6.5. Progress will be reported quarterly to the Housing Investment Board. This board will also instruct all projects let under the contract in accordance with its usual responsibilities.

**Table 3:** Key project milestones

<b>Key Milestones</b>	<b>Proposed Dates</b>
Cabinet business case and procurement strategy approval	24 July 2023
Selection of contractors via external framework	during August 2023
Delegated approval of Contract Award	w/c 27th August 2023
Contract signing	September 2023
Delivery of works	Late 2023 onwards
Complete works on site	Contract to run for an initial 2 year term, with a possible one year extension.

### **7. Comments of the Group Director of Finance and Corporate Resources**

- 7.1. The recommendations in the report is to approve a business case and procurement strategy for a contractor to deliver a programme of works to improve energy efficiency in circa 500 homes and undertake associated

maintenance works, to accept a grant of up to £4.5m from the (SHDF) and to waive leaseholder charges. The estimated contract spend is £20m, which will be part funded by SHDF and funded by the AMP element of the housing capital programme over the next two years.

- 7.2. There is sufficient budget in the Housing Capital Programme over the next two years to fund the Council funded element of the project. The financial impact of this programme of these works will be incorporated into HRA business planning.
- 7.3. The recommendation to directly award a contract through an existing framework will enable the Council to meet the grant conditions of completing the works within the funding timetable.
- 7.4. The recommendation to waive the leaseholder recharges will impact up to nine leaseholders. The works that may be required on these nine leasehold dwellings as part of the overall package of works however, since the recharge for these works would be capped at £3,300 per home the recommendation in this report is to waive any recharge. This will result in lost income of just under £30K and considering the cost and time needed to undertake a Section 20 consultation represents value money and mitigates the risk of not meeting the time conditions of the SHDF grant.

## 8. **VAT implications on land and property transactions**

Not applicable

## 9. **Comments of the Director of Legal, Democratic and Electoral Services**

- 9.1. "Taking decisions on procurement exercises relating to major projects" is reserved to the Mayor and Cabinet under the Mayor's Scheme of Delegation (January 2017) so Cabinet is permitted to approve the recommendations in this Report. In addition, the Mayor's Scheme of Delegation authorises Cabinet to approve "Asset Management Plans Framework for applying Discretionary reductions for Leaseholder re-charges" and therefore Cabinet is permitted to approve the waiver of leaseholder re-charges in paragraph 3.6. The Council agreed to enter into arrangements with the Department of Energy Security & Net Zero (DESNZ) in respect of grant funding in April 2023 and this Cabinet Report proposes to formalise such arrangements.
- 9.2. The value of the works to be procured in this Report is above the current threshold for works of £5,336,937 (including VAT) under Regulation 5 of the Public Contracts Regulations 2015. However it will not be necessary to publish a high value contract notice in respect of the procurement of these works as it is proposed to use either the South East Consortium (SEC) Zero Carbon Solutions or National Housing Maintenance Framework to undertake

the procurement. Use of such frameworks would be subject to the provisions of Regulation 37 of the Public Contracts Regulations 2015 which allow a contracting authority to acquire supplies or services from a centralised purchasing body.

9.3. It is proposed to make a direct award of contract to a contractor under either the SEC framework or the National Housing Maintenance Framework. There are two ways to use a SEC framework; mini-competition or direct award. With respect to direct award, SEC approaches the number one ranked contractor on the Council's behalf, advising of the Council's requirements and, subject to the acceptance of the project by the contractor, the appointment will progress. Any call-off from the National Housing Maintenance Framework must also be compliant with the rules for direct award applicable to such framework.

9.4. The award of such works contract is proposed to be by a delegated powers report of the Group Director, Climate Homes and Economy (following consultation with the Group Director, Finance and Corporate Resources, and the relevant Cabinet Members, Housing Services & Resident Participation, and Insourcing & Customer Services). Paragraph 2.2 i) of the Cabinet Procedure Rules states that "if the Elected Mayor delegates functions to the Cabinet, unless they direct otherwise, then the Cabinet may delegate further to .....an officer.....". Therefore, subject to the approval of Cabinet, the Group Director, Climate Homes and Economy is permitted to award the such works contract.

## 10. **Comments of the Procurement Category Lead**

10.1. The recommended procurement strategy for the appointment of a main works contractor to deliver the part grant funded Social Housing Decarbonisation Fund works to Hackney homes, is via a direct call-off from an external Framework provider. Suppliers on such frameworks have been fully prequalified, and have been through a rigorous commercial and quality assessment. Suppliers are appointed to each individual framework based on sector experience, competence and capability, and selected by region to meet local delivery requirements. They also include social value commitments. The most relevant external framework will be identified to ensure that any successful supplier is competent and experienced in delivering the works required.

10.2. The strategy is guided by the need to expedite project delivery in the interest of adherence to the timeframes and spend commitments as set out in the grant requirements. The recommended external framework available for direct call off to deliver these works includes;

External Framework Provider	Relevant Framework
South East Consortium (SEC)	Zero Carbon Solutions Framework Partners (with flexible direct call off option)
South East Consortium (SEC)	Major Refurbishment Lot 1b
National Housing Maintenance Framework (NHMF)	Net Zero Carbon Works (with flexible direct call off option)

- 10.3. The recently appointed SHDF consultant Baily Garner, have been working with other Authorities in the regions on the SHDF. As such they have been able to provide a more up to date and current market insight to support Hackney in identification of the most suitable supplier, both technically and commercially. Procurement will work collaboratively with PAM and the SHDF consultant to help in identifying the external framework, and thus supplier, who can offer the best value for Hackney while ensuring best alignment with corporate objectives.
- 10.4. These Frameworks were set up to give flexibility when calling off directly, offering both ranked call off and objective criteria call off. Regulation 33 provides the rules for direct appointment of suppliers under a framework, this is to be based on the objective criteria outlined within the framework agreement itself. The regulations don't stipulate direct awards to be made to top ranked framework contractors, the terms for call-off state that a direct award will be made to the supplier most capable of providing the services based on the framework rates and assessment criteria; allowing Hackney to identify the supplier that can deliver the best possible value for money on a project by project basis and based on the specific requirements and outcomes of that project. This direct award selection criteria supports this best value delivery whilst ensuring compliance with the Public Contracts Regulations 2015.
- 10.5. The tender exercise of direct call off would be in keeping with regulatory requirements governing public spend at this threshold. The strategy is endorsed by the procurement team who will work collaboratively with relevant parties during the exercise to support delivery of best value as well as meeting corporate objectives. The report on the contract award for these works will be reported to the Cabinet Procurement and Insourcing Committee (CPIC) in due course.

**Background documents**



In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Grant Terms and Conditions (signed copy) GFA and GOL.

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