

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Camden Capital Works Framework Procurement (SC/2023/41)	
REPORT OF Cabinet Member for Better Homes	
FOR SUBMISSION TO Housing Scrutiny Committee Cabinet	DATE 18 th December 2023 20 th December 2023
STRATEGIC CONTEXT The work outlined in this report supports a number of the ambitions set out in We Make Camden, in particular making sure Camden has enough decent, safe, warm, and family-friendly housing to support its communities. The Social Value offer will also be an important area of focus for the procurement process.	
SUMMARY OF REPORT This report looks at the options for the procurement of property related capital works such as Better Homes works, fire safety, mechanical and electrical schemes such as heating and lifts, retrofit projects and school improvements. The Council currently has a Camden-led works framework which is due to expire in 2024. The report recommends that the Council continues with a flexible strategy that will see the procurement of a new Camden-led framework. This will incorporate learning from the current framework and look to secure the specialist support the Council needs for areas such as fire safety and retrofit. This proposed procurement approach would cover the period 2025/26 to 2028/29, the total value of which is estimated as being £300m. To provide maximum flexibility, the contract notice advertising the framework will include a maximum potential value of £500m. Local Government Act 1972 – Access to Information No documents that require listing were used in the preparation of the report. Contact Officer: Susanne Afra, Head of Capital Works 79 Holmes Road, London NW5 3AT susanne.afra@camden.gov.uk 07876 478 156	

RECOMMENDATIONS

That the Housing Scrutiny Committee considers the report and makes any recommendations to Cabinet.

That Cabinet:

1. Having considered this report, approves the procurement strategy for the construction and property framework and supporting mechanisms, noting that the value of the procurement is approximately £300m over the four-year period; To provide maximum flexibility, the contract notice advertising the framework will include a maximum potential value of £500m.
2. Delegates authority to the Executive Director Supporting Communities, in consultation with the Cabinet Member for Better Homes, to award the Framework contracts for the Camden Construction and Property Works Framework;
3. Delegates authority to the Executive Director Supporting Communities, in consultation with the Cabinet Member for Better Homes to approve the procurement strategy for contracts procured under the proposed Framework (“call-off contracts”) where the value is £5m or more;
4. Delegates authority to the Executive Director Supporting Communities, in consultation with the Cabinet Member for Better Homes to award contracts procured under the proposed Framework (“call-off contracts”) where the value is over £5m but below £10M.

Signed:



Gavin Haynes, Director Property Management

Date: 7th December 2023

1. CONTEXT AND BACKGROUND

- 1.1. This report considers the options for the procurement of property related capital works such as Better Homes works, fire safety, mechanical and electrical works, retrofit projects and schools improvements. The Council currently has a Camden-led framework for Better Homes works which is due to expire in late 2024. A framework is a set of contractors that we can use to deliver the works which have agreed to a set of terms and conditions and a pricing structure over the period of the contract.
- 1.2. The Better Homes programme sees the delivery of internal works (e.g. kitchens and bathrooms) and external works (e.g. roofs and windows) to Council owned housing. It also covers the fire safety works programme and the renewal of mechanical and electrical equipment such as lifts and heating systems. Other capital works carried out relate to retrofit of our housing stock, schools, commercial and corporate buildings.
- 1.3. The report recommends that the procurement of a replacement Camden-led framework takes place. This will allow the Council to continue to meet priority investment needs across its property and schools portfolio.

2. PROPOSAL AND REASONS

- 2.1. In developing the recommended approach set out in this report the Council considered a range of factors, in particular:
 - The learning from the Hackitt report and the Government's review of Building Regulations and the type of specialist support and safety advice that the Council will require in the future requires competent firms to deliver the works to our properties;
 - The desire to see local companies and small to medium sized enterprises (SMEs) engaged to a greater extent during the delivery of works;
 - The learning from the current Better Homes framework and the need to have a greater number of contractors for each specialism or 'Lot';
 - The need for specialist retrofit providers.
- 2.2. The proposed approach set out in this report will see the procurement of a new Camden-led framework for the delivery of Better Homes works. The framework will be subject to leaseholder consultation and have a duration of four years. The framework structure is set out in Appendix 1 and contractors appointed to the framework will be assessed using a ratio of 60% price and 40% quality.
- 2.3. As set out above, the proposed framework will reflect learning from the current Better Homes framework which was mobilised in 2020. Our aim is to make sure it provides us with flexibility, value for money, the right contractors to deliver the work, better access to working with SMEs, appropriate social value requirements and that we can performance manage the contractors to achieve the best results for us and our residents.

2.4 The Camden-led framework will require tenderers to define the social value they will provide in defined outputs including (but not limited to):

- Apprenticeship and training opportunities (as a minimum meeting the Construction Industry Training Board (CITB) benchmarks)
- Working closely with the Council's King's Cross Construction Skills Centre to maximise apprenticeship take up, local labour opportunities and opportunities for employment of ex-offenders
- Use of local SME companies
- Support for Council priorities such as the STEAM Commission, placements for people with special educational needs and disabilities
- Environmental considerations including the use of sustainable transport

3. OPTIONS APPRAISAL

3.1. With regard to the delivery of works, four options have been considered which are summarised in the tables below:

Option 1 – Direct delivery of works	
Under this option all, or a significant proportion, of the capital work would be undertaken by Camden's in house team.	
Pros	Cons
<p>The Council would have direct control over the work force and supply chain.</p> <p>The Council would remove the managing contractor layer and some of the cost.</p> <p>Greater flexibility when changing the scope of works or responding to conditions on site.</p>	<p>The Council would struggle to meet the peaks and troughs of demand across the programme for different types of work.</p> <p>A range of specialist trades are very hard to recruit to and the Council would find it hard to compete with established providers.</p> <p>Overheads and equipment requirements can be high for M&E and other specialist works.</p> <p>The Council would be required to market test works that are rechargeable to leaseholders, introducing uncertainty and the potential for abortive costs.</p>
<p>Financial assessment – The Council's in house team delivers and directly manages work to council homes with an annual value of £23m. In house delivery works best when the workload is predictable, overheads are low and the skills can be embedded within the team. The Council does not directly deliver specialist work such as asbestos, scaffolding, major roofing works, M&E equipment replacement, concrete repair and large scale window renewal – these works being required under the Better Homes programme. Recruitment in these areas is very challenging and contractors spread their overheads across contracts and clients. There would be a significant risk and financial exposure to any proposal to bring this level and type of work in-house, particularly as work volumes vary and any team would have to expand and contract over time.</p>	
Outcome	This option is not recommended.

Option 2 – Individual tendering of all work packages or services	
Under this option all programmes of work, projects or services would be tendered individually	
Pros	Cons
This would provide a high level of control over the bespoke procurement of each work package.	The approach is very resource intensive and would lead to delays for projects and

<p>Suitable for large scale or specialist projects.</p> <p>SMEs or local companies could bid for smaller value projects via targeted tender lists.</p>	<p>packets of work for residential and non-residential assets.</p> <p>There would be a lack of continuity and providers would be less able to deliver Social Value or embed improvements.</p> <p>Would require two stage leaseholder consultation for each scheme.</p> <p>Analysis of Council tendering exercises has shown the average procurement time for non-framework schemes is 8 months compared to 3.5 months for framework schemes.</p>
<p>Financial assessment – This approach would significantly increase the resourcing costs to manage the many hundreds of individual tenders. This would mean either an increase in staffing resources or use of third party consultants to support the development and implementation of works.</p> <p>There would be a corresponding increase in the management costs recharged to leaseholders to cover the management of the individual tenders.</p>	
<p>Outcome</p>	<p>This option is not recommended.</p>

<p>Option 3 – Re procure the existing construction framework</p>	
<p>Under this option Camden would re-procure the current Better Homes construction framework</p>	
<p>Pros</p>	<p>Cons</p>
<p>The direct management of Camden-led frameworks provides the Council with significant control from both a strategic and operational perspective.</p> <p>The current contract administration processes are tried and tested and staff have a clear understanding of the contract and project management arrangements.</p> <p>Tailored to meets specific needs of Camden.</p> <p>Single stage leaseholder consultation.</p> <p>Builds relationships with suppliers, understanding Camden’s particular needs and embedding good practice.</p> <p>The framework will provide us with flexibility, value for money, the right contractors to deliver the work, appropriate social value requirements and that we can performance manage the contractors to achieve the best results for us and our residents.</p> <p>The proposed framework lots outlined include specialist fire safety and retrofit lots.</p> <p>The new lots will also provide the opportunity for SMEs to apply and be placed on the framework which will be beneficial for</p>	<p>SMEs can find it hard to engage with large scale procurement exercises. Therefore, market engagement is required to see how the invitation to tender can be adapted.</p> <p>Contractors appointed to frameworks are not obliged to bid for work therefore some Lots can be not as effective as anticipated. The Council can however tender outside the framework in this circumstance.</p>

us as working direct with SMEs can deliver better results and at times reduce costs.	
Financial assessment – this approach is considered most cost effective from a Camden resource point of view and will be most cost effective during the tendering process. The contractors that end up on the framework will go through an initial competitive process to ensure we get value for money but during the call off stage they will go through another competitive process which will provide the best value for Camden.	
Outcome	This option is recommended.

3.2 Option 3 is recommended as it will support the delivery of high-quality services to residents. The proposed framework will help us achieve a range of Social Value outcomes will form part of the requirements from potential bidders. This option would not prevent the use of a single tender approach for large-scale projects.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

4.1 The table below sets out the risks related to the proposed approach and the mitigating actions.

Risk	Risk Mitigation strategy
Lack of response to tender opportunity.	This a significant investment opportunity that will be advertised in ProContract, Find a Tender and Contracts Finder to maximise awareness.
Failure to appoint the desired number of contractors to the framework	Compliance related works would be prioritised and smaller scale works targeted at Dynamic Purchasing Systems (DPS) arrangements; re-procurement options would be considered
Failure of the revised arrangements to deliver the investment requirements	A mobilisation programme will be developed together with a strategic contract management framework that will oversee the pipeline of works and procurement arrangements.
SMEs find the tender process too cumbersome	Work will take place to ensure the tender documents are not cumbersome.
Value of the individual lots not considered attractive for contractors.	Work will take place to promote the attractiveness of delivering work for Camden.

5. CONSULTATION/ENGAGEMENT

5.1 Should this procurement strategy be approved, the Council will engage residents through representative bodies such as its residents' panel, District Management Committees, the Leaseholders' Forum and the Camden Association of Street Properties to discuss how the proposed arrangements will work and how residents can be involved in the appointment of suppliers. In addition, the Council will undertake formal leaseholder consultation.

5.2 During the delivery of works under the proposed arrangements, the Council will need to capture resident views on quality and this will continue to be

measured through independent telephone surveys as well as direct feedback through residents associations and representative bodies. The proposed framework allows the Council to rest contractors that do not perform, this measured through qualitative measures such as the independent surveys and quantitative measures on scheme performance.

6. LEGAL IMPLICATIONS

- 6.1 The proposed strategy, namely use of an Open procedure, for the procurement of the Camden Construction and Property Works Framework will comply with the Public Contracts Regulations 2015 (“PCR 2015”) and the obligation in Contract Standing Orders (“CSOs”) to competitively tender contracts of this value.
- 6.2 CSOs require that Cabinet approve the strategy, though subsequent award of the Framework contracts may be delegated, as is recommended in the report.
- 6.3 Contracts for works will be procured by means of a mini competition amongst those companies appointed to the Framework. The report recommends that award of such contracts where the value is above £5m will be delegated to the Executive Director in consultation with the Cabinet Member.
- 6.4 An Equalities Impact Assessment has been undertaken and recommends that the procurement process makes sure appointed contractors are experienced and / or equipped to work with diverse populations and vulnerable residents during the delivery of works.
- 6.5 Officers are required to comply with the [Public Services \(Social Value\) Act 2012](#). The Government’s definition of Social Value is “a concept which seeks to maximise the additional benefit that can be created by procuring or commissioning goods, services and works, above and beyond the benefit of merely the goods, services and works themselves”. These additional benefits can range from the very tangible, such as jobs for the long-term unemployed and apprenticeships; to ‘softer’ benefits such as supporting disengaged communities to speak up on issues that directly affect them, or supporting individuals to overcome barriers to accessing services. Other benefits include reducing the carbon footprint of service delivery.
- 6.6 Legal Services will assist with the procurement and the drafting of contract documentation.

7. RESOURCE IMPLICATIONS

- 7.1 This report seeks approval for the procurement strategy of a Camden Construction and Property Framework. This approach does not preclude larger projects being commissioned through single tender processes. This report seeks approval for the procurement strategy of a Camden Construction and Property Framework. This approach does not preclude larger projects being commissioned through single tender processes.

7.2 The total potential spend through the proposed approach is approximately £300m across Property Management. The total potential value of the framework in the OJEU notice will therefore be £500m to allow for all eventualities. Please note that establishing the framework does not constitute a commitment to spend up to this value and the Council has control over how much work is placed through the framework and to what value.

8. ENVIRONMENTAL IMPLICATIONS

8.1 All Contractors are obliged to comply with current industry standards to work on energy efficiency projects, this is inclusive of meeting current building regulations and appropriate legislation for particular areas of work. The Construction waste is monitored via utilisation of a site waste management plan. This plan looks at the impacts and assessments of the waste to be generated and how it is then to be reused, recycled or disposed of. LBC requires every contractor to report on their waste and issue the information of its control of waste monthly. There are also a requirement to comply with the KPI which is to demonstrate that the Contractor is to achieve an 80% reduction in total construction, demolition and excavation waste sent to landfill per £100K. The Contractor is required to comply with FORS and Alongside self-certification and spot-check monitoring that Contractors are compliant with the Work Related Road Risk (WRRR) terms, an enforcement programme is in place to mitigate and respond to any identified non-compliance.

9. TIMETABLE FOR IMPLEMENTATION

9.1 It is proposed to undertake the procurement for the framework using an Open procurement procedure under the Public Contracts Regulations 2015. This will enable the procurement to complete by early 2025 allowing a four month mobilisation period for the new framework set-up. It is also considered that an Open procedure will maximise market response, which is important given the number of lots and framework contractors which will need to be appointed. An indicative timeframe is set out in Appendix 2.

Activity	Start Date	Due Date
Scoping and drafting	01/05/23	20/12/23
Leaseholder Consultation Process (Stage 1) – NOI Period	24/11/23	12/02/24
ITT Period	13/02/24	22/04/24
Visits/Interviews/clarifications	23/04/24	29/04/24
Pre-Award – tender evaluation period	30/04/24	18/06/24
Leaseholder Consultation Process (Stage 2)	02/07/24	25/10/24
Award and Mobilisation	08/11/24	28/01/24

10. APPENDICES

Appendix 1 – Proposed framework lots

REPORT ENDS