



**CABINET PROCUREMENT & INSOURCING COMMITTEE  
BUSINESS CASE REPORT (INSOURCING OR OUTSOURCING DECISION)**

<b>Title of Report</b>	Procurement of Design and Build construction contracts for five Council housing development projects comprising Tranche 2 of Hackney's New Homes Programme (NHP)	
<b>Key Decision No.</b>	HCE S670	
<b>For Consideration By</b>	Cabinet Procurement & Insourcing Committee	
<b>Meeting Date</b>	2 February 2026	
<b>Cabinet Member</b>	Cllr Guy Nicholson, Deputy Mayor for Housing Management and Regeneration	
<b>Classification</b>	Open with exempt appendices	
<b>Ward(s) Affected</b>	Hackney Central, De Beauvoir, Hoxton West, Victoria, Hackney Wick	
<b>Key Decision</b>	Yes	Results in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function  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>	11 February 2026	
<b>Group Director</b>	Rickardo Hyatt Group Director Housing, Climate & Economy	
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<b>Contract Value</b> ( <u>both</u> Inclusive of VAT and Exclusive of VAT for the duration of the contract)	Total estimated cost of £52 million across five capital projects, excluding VAT.	

including extensions)	
<b>Contract Duration</b> (including extensions e.g. 2 yrs + 1 yr + 1 yr)	Multiple contracts, each with a duration of up to 3 years (estimated)

## 1. Cabinet Member's Introduction

- 1.1 There are currently more than 8,500 households on the housing register seeking a new home and over 3,500 homeless households living in temporary accommodation. This includes 3,700 children, mainly of primary school age. This is why the Council has committed to building thousands of new Council homes on Council owned land.
- 1.2 Since 2011, Hackney has been meeting this need and demand for homes head on. Through the Council's in-house, not-for-profit house-building programmes, regeneration partnerships, and by backing our housing association partners with funding and land, Hackney has built, and supported partners to complete, over 4,100 new homes. We have done this despite the impacts created by the then Government's 'austerity' policy, 14 years of Government under investment into the building of affordable homes, and multiple macro-economic shocks to the wider economy, ranging from Brexit and a pandemic through to the war in Ukraine, driving rising costs and raising interest rates. All of these combined have led to a 'crisis in construction' that has generated some of the lowest numbers seen in living memory of construction starts in the capital. Despite all this the Council has, and is, successfully building new Council homes for social rent and in a range of other tenures.
- 1.3 In 2022 the then Mayor of Hackney committed to putting together an ambitious programme of 1,000 new Council homes for social rent. At the time of writing this report, 972 new social rent homes are now in one stage of delivery or another.
- 1.4 Within this total of 972 new social rent homes, 237 social rent homes are currently under construction or in contract, Planning permission has been granted for a further 158, Planning applications submitted for another 194, a further 293 social rent homes are currently being designed for Planning, with a final 90 homes bought back into the Council's housing stock or in the legal process of being acquired.
- 1.5 Contributing to this total, Hackney's newest generation of Council housing through the New Homes Programme (NHP) is currently on track to deliver more than 400 new homes - 75% of them for social rent at Council rent levels.
- 1.6 Increased construction costs, labour shortages, higher interest rates and stretched public resources have added to the challenges of delivery. A

continuing cost of living crisis makes things tougher still, and is without doubt impacting on the demand side for homes in all tenures in the capital. But Hackney Council has continued to deliver, working closely with residents and contractors, and using every avenue available to bring on-stream new social and affordable homes for Hackney residents.

- 1.7 The Council's Housing Regeneration and Delivery team has a proud and impressive track record of delivery and unparalleled professional expertise. Since 2022, the team has completed award-winning new Council homes at Tower Court in Stamford Hill, and at Chowdhury Walk and Tori Anne Walk in Clapton Park. Construction of new social and shared ownership homes is now nearing completion at the Council's Wimbourne Street and Buckland Street projects in Hoxton West, and the residential phases of the Britannia masterplan in Shoreditch will complete this year, bringing new social and shared ownership homes alongside the award winning leisure centre and school. Construction is also in full flow at the Colville Estate also in Shoreditch, where the latest phase of new homes, a community hub and low carbon energy centre is scheduled to complete in early 2027. Enabling works have begun on the Council's ambitious regeneration of the Nightingale Estate, as well as the concluding phases of the Kings Crescent and Marian Court projects.
- 1.8 In 2025, the Council, in partnership with Berkeley Homes and Notting Hill Genesis, completed the Woodberry Down Phase 3 development, delivering social rent and shared ownership homes, and Phase 4 of Woodberry Down now has planning permission and is due to start construction this year. Phases 5-8 of Woodberry Down were approved via an updated masterplan in 2025 and will be developed over a number of years. As further support to our Housing Association (HA) partners, the Mayor of Hackney's Housing Challenge (MHHC), in place between 2018 and 2023, provided funding to support new affordable homes by HAs where previous Government restrictions prevented the Council utilising all its Right to Buy income on Council-led projects.
- 1.9 The Council is also investing in its existing housing stock. In response to the Regulator for Social Housing and the Housing Ombudsman it is implementing an ambitious corporate Housing Improvement Plan that targets investment into the Council's Housing Service's capacity and ability to provide a quality and efficient housing management and repair service for tenants and leaseholders, and deliver a capital refurbishment and renovation programme aligned to the regeneration programme.
- 1.10 The purpose of this report is to seek approval for the procurement delivery plans for the second tranche of projects in the New Homes Programme (NHP), enabling officers to begin procurement of five development schemes, thereby continuing to deliver at pace against the Council's social housing objectives.

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

### **Subject matter of the contract**

- 2.1 This report sets out the recommended routes for procurement and delivery of construction works for five Council housing development projects within Hackney's New Homes Programme (NHP). Together the projects, known as NHP Tranche 2, will deliver 109 new homes of which 101 are expected to be for social rent at Council rent levels.
- 2.2 For over a decade, the Council has run a successful Housing Regeneration and Delivery programme, transforming underused Council-owned land, and regenerating estates with new homes, improved public facilities and community infrastructure. Currently, against a Strategic Plan objective of 1,000 new social rent homes, 972 are in delivery at various stages.
- 2.3 The Council recognises that regeneration is about more than just buildings. We have collaborated closely with our construction and development partners, professional consultants and civil society organisations, using regeneration and development to leverage training and employment opportunities for residents, and to support local businesses and community groups. We have invested in new and improved community spaces, public realm and work spaces, ensuring both existing and new residents and local businesses benefit.
- 2.4 Following Cabinet approval in December 2022, significant progress has been made on the NHP, including site surveys, design development, technical and legal work, land assembly, extensive public engagement and consultations, grant funding bids, pre-application planning advice and formal planning applications. Most recently, pursuant to a CPIC approval in July 2025, the first tenders for construction works have been launched. Since October 2025 the first three NHP schemes have been approved by Hackney's Planning Sub-Committee.
- 2.5 This report requests approval of the procurement delivery strategy for the five housing development projects comprising Tranche 2 of Hackney's New Homes Programme.

## **3. Recommendation(s)**

**Cabinet Procurement and Insourcing Committee is recommended:**

- 3.1 To approve the procurement strategy for construction works for the housing development projects comprising Tranche 2 of Hackney's New Homes Programme:**

**a) Wayman Court (NHP4.1) in Hackney Central ward**

**Procurement of a contractor for the Design and Build delivery of the development at Wayman Court in Hackney Central ward.**

The procurement shall be an open market (Procurement Act 2023 compliant) Competitive Flexible Procedure utilising a Conditions of Participation (CoP) process followed by an Invitation to Tender. A maximum of five bidders will be shortlisted through the CoP process.

**b) Cherbury Court (NHP4.3) in Hoxton West ward**

Procurement of a contractor for the Design and Build delivery of the development at Cherbury Court in Hoxton West ward.

The procurement shall be an open market (Procurement Act 2023 compliant) Competitive Flexible Procedure utilising a Conditions of Participation (CoP) process followed by an Invitation to Tender. A maximum of five bidders will be shortlisted through the CoP process.

**c) Selman & Wellday (NHP7) in Hackney Wick ward**

Procurement of a contractor for the Design and Build delivery of the construction project at Selman & Wellday in Hackney Wick ward.

The procurement shall be an open market (Procurement Act 2023 compliant) Competitive Flexible Procedure utilising a Conditions of Participation (CoP) process followed by an Invitation to Tender. A maximum of five bidders will be shortlisted through the CoP process.

**d) Parkside (NHP8) in Victoria ward**

Procurement of a contractor for the Design and Build delivery of the development at Parkside in Victoria Ward.

The procurement shall be an open market (Procurement Act 2023 compliant) Competitive Flexible Procedure utilising a Conditions of Participation (CoP) process followed by an Invitation to Tender. A maximum of five bidders will be shortlisted through the CoP process.

**e) Blandford Court (NHP9) in De Beauvoir ward**

Procurement of a contractor for the Design and Build delivery of the development at Blandford Court in De Beauvoir ward.

The procurement shall be an open market (Procurement Act 2023 compliant) Competitive Flexible Procedure utilising a Conditions of Participation (CoP) process followed by an

**Invitation to Tender. A maximum of five bidders will be shortlisted through the CoP process.**

- 3.2 To delegate authority to the Group Director - Housing, Climate and Economy, in consultation with the Group Director - Finance and Resources and the Director of Legal, Democratic and Electoral Services, to enter into main building contracts and if appropriate any preceding or parallel demolition or enabling works contracts with the preferred contractor partner for each development.**

#### **4. Preferred Option**

- 4.1 The preferred procurement structure and packaging of the Tranche 2 development sites is summarised in the table below, balancing value for money, market dynamics, team capacity and business needs. The procurement and tendering approach for each procedure is expanded upon within the following sections. The main contractor procurement for each site will be undertaken separately using the Competitive Flexible Procedure with no projects packaged together. **As with other recent construction tenders we expect to use an overall evaluation weighting of 60% Quality to 40% Cost for these tenders.** Within Quality, a minimum of 15% of the overall scoring shall be for Social Value aspects.

<b>Procedure</b>	<b>Site(s)</b>	<b>Ward(s)</b>	<b>No of homes % affordable</b>	<b>Delivery model</b>	<b>Lot(s)</b>	<b>Route to market</b>	<b>Contract type</b>
<b>A</b>	Wayman Court	Hackney Central	<b>22</b> (64% affordable)	Direct development	N/A	Competitive Flexible Procedure	JCT Design & Build
<b>B</b>	Cherbury Court	Hoxton West	<b>32</b> (100% affordable)	Direct development	N/A	Competitive Flexible Procedure	JCT Design & Build
<b>C</b>	Selman & Wellday	Hackney Wick	<b>22</b> (100% affordable)	Direct development	N/A	Competitive Flexible Procedure	JCT Design & Build
<b>D</b>	Parkside	Victoria	<b>19</b> (100% affordable)	Direct development	N/A	Competitive Flexible Procedure	JCT Design & Build
<b>E</b>	Blandford Court	De Beauvoir	<b>13</b> (100% affordable)	Direct development	N/A	Competitive Flexible Procedure	JCT Design & Build

#### Wayman Court (NHP4.1)

- 4.2 This project will deliver 22 new homes and is a mixed tenure scheme. It will deliver eight townhouses and 14 apartments, overall 64% of which

are to be affordable housing at social rent levels. The social rent homes will be held by the Council in the HRA stock and will be a mix of one, two and three bedroom homes, including two M4(3) wheelchair adaptable homes on the ground floor. There are no NHP schemes in close proximity with shared consultant teams and delivery timelines, therefore a packaging strategy would not be appropriate for this site.

#### Cherbury Court (NHP4.3)

- 4.3 The Cherbury Court project is expected to deliver 32 new homes, all for social rent, including two M4(3) wheelchair adaptable homes on the ground floor. Alongside the new homes the project will re-provide and improve upon the community space at St Johns hall and garden. There are no other NHP schemes in close proximity that also share consultant teams and it is therefore considered that a packaging strategy would not be appropriate for this site. The Fairbank housing regeneration scheme is located in close proximity and is currently subject to a Pre-Construction Services Agreement (PCSA) with the Council's delivery partner Countryside Partnerships. Officers briefly explored the opportunity to deliver Fairbank and Cherbury together, but the projects' timelines are insufficiently aligned for joint delivery.

#### Selman & Wellday (NHP7)

- 4.4 The Selman & Wellday project will deliver 22 new homes, all for social rent, including two M4(3) wheelchair adaptable homes on the ground floor. The homes will be retained by the Council in the HRA stock. There is therefore no investment/development partner opportunity on this site. Packaging with the Parkside Estate project (NHP8, see Section 4.5 below) was considered on the basis that the sites are of similar sizes, and share the same consultant team. However, the programmes for these schemes are not aligned and they are targeting different funding programmes, with different requirements for Start on Site dates. In addition, the two projects are not located in close enough proximity to create efficiencies from shared construction logistics, site setup and staffing, meaning that cost economies are unlikely to arise from packaging.

#### Parkside (NHP8)

- 4.5 The Parkside project will deliver 19 new homes, all for social rent, including two M4(3) homes on the ground floor, with homes of a range of sizes, all of which will be retained by the Council in the HRA stock. As above, packaging with the Selman & Wellday (NHP7) scheme was considered but rejected. This will be a standalone procurement and the site will not be packaged with any other site.

#### Blandford Court (NHP9)

- 4.6 This Blandford Court project at Lockner Estate in De Beauvoir ward is expected to deliver 13 townhouses, all for social rent, with the potential

for a commercial / community unit fronting Kingsland Road. This scheme is challenging in financial viability terms due to the high cost of site works in relation to the limited number of new homes possible at the site. It would therefore not be prudent to connect the procurement of this scheme to the delivery of any other project. The social housing will be retained by the Council in the HRA stock - this and the small size of the scheme make it unappealing to the private investment / development markets.

### Cross Cutting Considerations

- 4.7 Building on learning from the Tranche 1 schemes alongside procurement workshops and specific consultant advice for each project, it has been determined that a fixed price procurement approach offers best value for money for each of these projects. The contractor for each will be procured using the Competitive Flexible Procedure via Find a Tender, giving access to a wide supplier market. Preliminary market engagement will be undertaken, to advise prospective bidders of the upcoming opportunities, and this will be followed by the issuing of a Procurement Specific Questionnaire (PSQ). Under the Conditions of Participation (COP), the PSQ will be used to shortlist a maximum of five suppliers who will be invited to bid for each procurement at the Invitation to Tender (ITT) stage.
- 4.8 The use of frameworks was considered on a case-by-case basis for the individual schemes, but ultimately discarded for the projects in this Tranche. The schemes are likely to be attractive to small and medium sized contractors who may not be on frameworks and these contractors may also offer value for money, as they can carry lower overheads than larger contractors. In addition, the timescales for achieving start on site deadlines in relation to external funding are still achievable without the time savings that can potentially be obtained through use of a framework. It should be noted that, as agreed by CPIC in the July 2025 Business Case for NHP Tranche 1 ([CHE S571](#)), frameworks are being used for the procurement of several other, larger construction opportunities in the programme.
- 4.9 The contract for each scheme will be the JCT Design & Build Contract (2024) with Hackney Council amendments, commissioned on RIBA Stage 3+ detailed information, planning applications, site surveys and ground investigations.

## **5. Alternative Options Considered and Rejected**

- 5.1 The range of options considered, and their appraisal, is set out comprehensively on a site by site basis in sections 4 and 6 of this report.

## 6. Reasons For Decision (Business Case)

### 6.1 Options Appraisal

- 6.1.1 This report provides to CPIC the business case and considerations for the procurement of construction works for the second tranche of Hackney's New Homes Programme (NHP). The first tranche comprised nine housing development sites containing around 305 new homes, the Business Case for which was approved by CPIC in July 2025 ([CHE S571](#)). This second tranche comprises five sites containing around 109 new homes. The report describes the analysis and market engagement undertaken to arrive at a strategy for procurement and construction delivery of the projects, and sets out recommendations accordingly.
- 6.1.2 The NHP was launched by Cabinet in December 2022 ([CHE S142](#)) with authority to proceed through the design and engagement stages, and submit planning applications, initially for fourteen brownfield 'anchor' locations on housing estates across the borough. The programme has been established to deliver around 400 new homes on underused Housing Revenue Account (HRA) land such as car parks, garages and redundant buildings. 75% of the new homes across the programme are to be for social rent at Council rent levels.
- 6.1.3 A budget of £10m was authorised by Cabinet to procure the necessary design and consultancy services, surveys and investigations; carry out comprehensive community and stakeholder engagement including establishing Resident Steering Groups (RSGs) where local appetite exists; engage with the required statutory authorities including the Council's Planning Service; submit planning applications and prepare procurement documents ready for the tendering of construction contracts. This 'pre-development' work is well progressed on the Tranche 2 projects, and construction procurements for Tranche 2 are expected to commence from spring 2026 onwards. In addition, on 26 January 2026, [Key Decision HCE S644](#) was presented to Cabinet, providing the financial plan and funding arrangements for construction of all fourteen projects comprising the New Homes Programme.
- 6.1.4 The following table provides a summary of the new homes outputs across the entire NHP, including both tranches. It should be noted that, as with all capital projects, these are subject to planning, detailed design and financial viability.

Site	Ward	No. of new homes				% social rent homes
		Social Rent	Shared Owner.	Private Sale	Total	
NHP1.1 Broadway	Haggerston / London Fields	30	-	56	<b>86</b>	35%
NHP1.2 Regents	Haggerston	38	-	-	<b>38</b>	100%
NHP2.1 Cropley	Hoxton West	45	-	-	<b>45</b>	100%

NHP2.2 Buckland	Hoxton West	13	32	-	<b>45</b>	29%
NHP3.1 Fellows	Haggerston	28	-	-	<b>28</b>	100%
NHP3.2 Weymouth	Haggerston	18	-	-	<b>18</b>	100%
NHP5.1 Blackwell	Kings Park	18	-	-	<b>18</b>	100%
NHP5.2 Nye Bevan	Kings Park	9	-	-	<b>9</b>	100%
NHP6 Morris Blitz	Stoke Newington	19	-	-	<b>19</b>	100%
<b>Tranche 1 total</b>		<b>218</b>	<b>32</b>	<b>56</b>	<b>306</b>	<b>71%</b>
NHP4.1 Wayman	Hackney Central	14	-	8	22	64%
NHP4.3 Cherbury	Hoxton West	33	-	-	33	100%
NHP7 Selman & Wellday	Hackney Wick	22	-	-	22	100%
NHP8 Parkside	Victoria	19	-	-	19	100%
NHP9 Blandford	De Beauvoir	13	-	-	13	100%
<b>Tranche 2 total</b>		<b>101</b>	<b>-</b>	<b>8</b>	<b>109</b>	<b>93%</b>
<b>Grand total</b>		<b>319</b>	<b>32</b>	<b>64</b>	<b>415</b>	<b>77%</b>

6.1.5 The NHP is being delivered against a set of seven overarching objectives which are used to ensure decision making and project delivery remain in line with the original intent. These objectives and their constituent themes are summarised in the table below.

- Meeting housing need
- Contributing to Hackney's sustainability objectives
- Creating better homes and neighbourhoods
- Involving residents meaningfully
- Making best use of Council resources
- Securing value for money in the short and long term
- Supporting an inclusive economy.

6.1.6 A holistic overall strategy has been prepared for the delivery and procurement of development / construction works for the NHP Tranche 2 sites, for which detailed arrangements are set out in this report.

6.1.7 This strategy builds on the work done for the development of the procurement strategy for the Tranche 1 sites, which included workshop sessions in May, August and October 2024, with input from the Council's Procurement Service, project teams, the Programme Finance Manager, the programme's two Cost Consultant practices and Regeneration Strategic Design colleagues.

6.1.8 On 10 October 2025, a workshop focusing on Tranche 2 sites was held and was attended by the Council's Procurement Service, Development

Managers, Heads of Service, the programme's two Cost Consultant practices (Exigere and Bristow), and the recently appointed Employer's Agents (Ikon / Cast and Stace). Regular engagement with the Procurement Service is ongoing.

#### Principles of the procurement strategy

6.1.9 The core principles of the procurement and delivery strategy are:

- To continue the whole-programme approach to project strategy and planning established across the NHP, in order to arrive at a single overall strategy over which project specific proposals are layered.
- To continue to view nearby and programme-aligned sites as packages where appropriate, considering options for their joint procurement where this would be advantageous to value for money, market interest or partner capability; to resident experience and communications; and to the Council's resource requirements at the procurement, pre-contract and construction stages.
- To consider at an early stage appropriate delivery models and partnership arrangements for each package through a strategic assessment considering risk, control, value and investment requirements and options.
- Four of the five sites covered by this report are 100% social rent and the one mixed tenure site offers only eight units for sale. All affordable stock is to be retained by the Council in the HRA. There is therefore little to no investment / development opportunity for a private partner for most of the programme. The sites are of a scale and tenure mix likely to be suitable only for direct development on a Design and Build basis.
- To prepare a well considered and market-friendly procurement strategy encouraging value for money through targeting appropriate contractors / developers, encouraging competition and allocating risk on a balanced and fair basis.
- To respond to current and foreseen construction market dynamics, which are currently in the early stages of shifting back towards a 'buyer's market' on the basis of a construction slowdown in the residential development market, particularly by the private and Housing Association sectors.
- To ensure comprehensive de-risking of site, regulatory and design risks prior to the procurement and fixing of prices, in order to control risk pricing and promote value for money. This includes consideration of early works/enabling works, as well as early formalisation of utilities and other statutory agreements and associated financial deposits.
- To engage the market through Soft Market Testing (SMT) where useful to test the strategy and generate confidence in the approach being taken.

- Compliance with the new Public Procurement Act which came into effect in February 2025, in particular the new considerations with pre-market engagement and contract reporting, and flexibilities associated with the new Competitive Flexible Procedure route.

### Key Considerations

6.1.10 The key considerations which have been worked through to arrive at the strategy are:

- Balancing the efficiency savings of packaging multiple sites with the benefits of diversification to access different contractors suitable for each project/package, and securing sufficient resources for simultaneous delivery of multiple developments.
- Developing tenders that enable the Council to secure high quality, long lasting new homes and neighbourhood improvements, responding to Hackney's well-established New Build Design Specification (NBDS, now at V6) and the Council's long-term interest in lifecycle cost and value, including management, maintenance and social benefits.
- The Council's overall risk attitude to the development of market housing of the scale, timeline, location and products proposed in the programme.
- Routes to market to access the right profile of contractor/partner for each package, balancing capacity to deliver construction works and supporting engagement and logistics management, with securing value-for-money from appropriate tiers of contractor for the different sizes of project. This includes consideration of flexible procedures along with use of frameworks and Dynamic Purchasing Systems (DPSs)/Dynamic Markets.
- Considering single and two-stage tenders within the current market, including market appetite, competition, value for money and timescale to start on site.
- Interaction of the Building Safety Act with procurement and contracting arrangements. The NHP is not currently expected to deliver new High Risk Buildings (HRBs) as all proposals are no higher than the current 18 metre threshold. None of the works proposed as part of the Tranche 2 projects are referable to the Building Safety Regulator (BSR).
- Consideration of barriers to bidding for SME contractors, in response to the Council's Sustainable Procurement Strategy and the opportunities to secure value for money from smaller contractors on suitable (smaller) projects.
- Consideration of the internal and external skills and capacity required to effectively manage and administer construction contracts, and associated workstreams such as financial management, stakeholder and resident engagement, technical due

diligence, compliance/assurance, handover and interface with the Council's housing management, homeownership, estate maintenance and service charging functions.

## **6.2 Related Decisions**

- 6.2.1 On 12 December 2022 Cabinet approved the ['New Council House Building Programme and 1,000 Homes for Social Rent Commitment'](#) Key Decision No. CHE S142 which launched the New Homes Programme (NHP).
- 6.2.2 On 14 March 2023 the Hackney Procurement Board (HPB) approved the [strategy and business case for procurement of consultant team services](#) required for the design and planning stages of the NHP, namely cost consultants, architect design teams, multi-disciplinary engineering, fire and technical services, and planning consultant services.
- 6.2.3 Upon conclusion of the procurements described in the Business Case above, a series of decisions were made in late 2023 by Cabinet Procurement and Insourcing Committee (CPIC), HPB, the Group Director of Climate Homes and Economy (now Housing, Climate and Economy), and the former Strategic Director of Economy, Regeneration and New Homes (now Director of Regeneration, Economy and Housing Development), as appropriate, to award the nine constituent professional services contracts to successful bidders.
- 6.2.4 Amongst the above, on 4 December 2023 [Key Decision CHE S275](#) was made by CPIC (Exempt) to award the Multidisciplinary Engineering and Technical Services Contract (MDC) for the NHP.
- 6.2.5 On 9 September 2024 Capital & Asset Steering Board (CASB) approved the replacement within the NHP of the site at 161 Graham Road (Hackney Central ward) with a substitute site at Cherbury Court / Former Florence Bennett Centre at St Johns Estate (Hoxton West ward), on the basis of the continuing Crossrail 2 Safeguarding Direction preventing the development of the former. This is a Non Key Decision.
- 6.2.6 On 7 July 2025, Key Decision CHE S571 was made by CPIC (open with exempt appendix) who approved the ['Procurement of Design and Build construction contracts for nine Council housing development projects comprising Tranche 1 of Hackney's New Homes Programme \(NHP\)'](#).
- 6.2.7 On 26 January 2026, [Key Decision HCE S644](#) was presented to Cabinet, providing the financial plan and funding arrangements for the construction of all fourteen projects comprising the New Homes Programme (NHP), and seeking approval for the appropriation for planning purposes of the programme's first sites, alongside an update on Hackney's 1,000 homes for social rent commitment.

## **7. Benefits Realisation and Lessons Learnt**

- 7.1 The projects in Tranche 2 of the NHP are being brought to the market for the first time. However, they follow and benefit from some of the lessons learnt in relation to projects in Tranche 1, which were brought to CPIC in July 2025. In addition to the learning from Tranche 1, the Council has learnt lessons from a rich history of regeneration and new homes procurement, both within the Council and via the expert consultants employed on design, commercial and technical matters.
- 7.2 A very wide range of lessons learned have been captured and adopted via the Housing Regeneration & Delivery service's quarterly lessons learned forums, and regular team meetings. These are reflected in the considerations set out above and in the proposals put forward in this report, and a summary of key points is provided below.
- The strategy includes consideration of the use of Lots where appropriate.
  - Based on learning from other projects, a number of common points for negotiation will be considered where relevant to the project and compatible with the procurement route.
  - Based on lessons learned, consideration has been given to the 'reserve bidder' provision used on recent two-stage procurements, which formally identifies the second placed bidder to be held in reserve should a main contract not be successfully reached with the preferred bidder.
  - Projects shall generally be designed to RIBA Stage 3+ for tender, with the selected contractor taking on design responsibility for Stage 4 technical design onwards.
  - As with recent two-stage procurements, delegated authority for the Group Director to award contracts continues to be sought from CPIC at the Business Case stage, in order to enable contract award at pace and within tender offer validity periods.

## **8. Success Criteria, Key Drivers and Indicators**

- 8.1 Responding to the housing crisis, and the critical overspend on temporary accommodation for homeless households that is being experienced by Hackney and many other local authorities, the NHP schemes will deliver much needed high quality affordable housing for social rent. In addition, to partly subsidise the social rent homes, some homes for outright sale will also be delivered through the programme.
- 8.2 Success will be measured by:
- Delivery of high quality new homes and public realm that improves the neighbourhoods and promotes sustainable communities.
  - Successful integration of the new development to the benefit of those living on the estates and working in the areas surrounding the new schemes.

- Practical completion of the proposed homes and public realm work achieved by the agreed practical completion date.
- Adaptation to climate change through the incorporation of air source heat pumps for heating of homes and hot water, introduction of Passivhaus homes, alongside Sustainable Urban Drainage System measures (SUDS).
- Maximisation of the capital receipt generated by the homes for sale of the leases for the shared ownership and outright sale homes, which in turn will help to pay for the social rented homes.
- Delivery of affordable homes that respond to local needs (in line with the Residents' Charter).
- Ensuring that build costs represent value for money whilst maintaining quality.
- Delivery of employment, training and social value benefits to Hackney residents.
- Resident satisfaction measured via Post Occupancy Evaluations.
- Technical post occupancy evaluations demonstrating schemes are performing in line with expectations and building regulations (for example energy efficiency, over-heating and air quality).

## **9. Whole Life Costing and Budgets**

- 9.1 The NHP's financial model, as with other Council housing delivery programmes, requires a breakeven position over the Council's standard 50-year investment period, when all costs and income are taken into account, including interest on debt. This means that the programme is self-funding, and tenants' rents and the wider Housing Revenue Account (HRA) do not fund the cost of new homes. The HRA facilitates debt financing to enable the Council to deliver, but the full cost of debt and its repayment are made by the NHP programme over the cashflow period. A substantial source of grant subsidy income is the GLA's Affordable Housing Programme. The other key source for this programme is a one-off windfall 'overage' committed by Cabinet in December 2022, and resulting from an historic stock transfer. This enables a breakeven position with a provision of 75% social rented homes.
- 9.2 The Council's Housing Regeneration and Delivery service has, in consultation with Housing Services and other relevant departments, produced a standardised New Build Housing Design Specification for new build homes and landscaping, which takes into account whole life costs of new build properties. All NHP schemes have been designed to Version 6 (the latest version).
- 9.3 The New Build Housing Design Specification will form part of the contractual 'Employer's Requirements' (ERs) for each project alongside a full set of tender drawings, specifications, site due diligence and contract particulars. The Council will generally take on the management

and maintenance of the new homes once complete. In approving the design specification, Housing Services has considered both the requirements and the costs of future maintenance and management, including considering, for example, the durability of products or equipment - and whether we can opt for equipment with a longer life without prohibitive cost increases or compromising quality.

- 9.4 Robust efficiency indicators have been developed and are set out in the NHP Programme Brief (and each project brief), requiring design teams to meet standards such as specified net to gross ratios; wall to floor ratios; and minimum numbers of homes around each core. This has enabled the programme to maintain strict financial management in a challenging context of high build costs, compounded by continued inflation.
- 9.5 A commercial approach to delivery of outright sale homes has been taken in order to maximise the sales receipt and market-ability, and thereby the cross-subsidy to enable the programme's social housing.
- 9.6 As a result of these combined measures, and based on the latest cost plans and commercial advice, the NHP programme as a whole is expected to break even over the 50 year appraisal period.

## **10. Strategic Policy Context**

- 10.1 The [Hackney Community Strategy 2018-2028](#) sets out the overarching vision and strategic direction for Hackney over the current decade, broken down into five key themes. The NHP, which will result in the delivery of more than 300 additional Council homes for social rent, will make a significant contribution towards meeting the objectives of the Community Strategy.
- 10.2 On 21 November 2022 Cabinet approved the Council's [Strategic Plan, 'Working Together for a Better Hackney'](#), setting out its ambitions for the next four years, as well as the challenges we face and how we will respond. The Strategic Plan makes clear that maximising opportunities for developing genuinely affordable housing, with a focus on the provision of Council social rent homes, is a key part of our overarching approach to responding to the housing crisis and meeting the objective of creating a fairer, safer Hackney. This includes prioritising the delivery of high quality homes and genuinely affordable housing in our growth areas and town centres, as well as continuing our partnership working with housing associations to maximise genuinely affordable homes.
- 10.3 The borough wide [Local Plan 2033](#), known as LP33, is the key strategic planning document used to direct and guide development in the borough up to 2033. LP33 sets out a range of policies relevant to the Council's housing delivery agenda, both thematically and in relation to specific site allocations.

- 10.4 The [Economic Development Plan 2025-35](#) provides the framework to deliver a more inclusive economy in Hackney, including by ensuring that regeneration and development is locally led, based on local community priorities and maximises the benefits of regeneration and development to our people and places.
- 10.5 In December 2024, Cabinet approved the [Housing Strategy Position Statement for 2024-2025](#). This statement ensures clear housing goals for the year and prepares for a new five-year housing strategy. It refers to the NHP as a key method for the Council to deliver new housing across the borough. A new five-year Hackney Housing Strategy is currently in development.
- 10.6 In March 2022, Cabinet approved the Residents Charter, as [Key Decision NH Q78](#), which was developed in partnership with residents, and underpins the New Homes Programme.
- 10.7 As noted at 10.1, the NHP was launched by Cabinet ([CHE S142](#)) in December 2022 with authority to proceed through the design and engagement stages, and submit planning applications, initially for fourteen brownfield ‘anchor’ locations on housing estates across the borough. The core objective of the NHP is to provide 75% social rented homes, which is a total of around 300 new social homes across the programme, forming a key plank in the Council’s corporate priority for 1,000 new social rented homes. The remaining 25% of homes in the NHP are primarily for outright sale to help cross-subsidise the social homes in the programme.
- 10.8 As noted under section 6.2 (Related Decisions), [Key Decision HCE S644 was presented to Cabinet in January 2026](#) to request approval of the detailed construction-stage financial plan, viability and funding arrangements, aligned with the HRA Business Plan.
- 10.9 The NHP also supports the [Sustainable Procurement and Insourcing Strategy](#) with opportunities for smaller contractors, particularly on the smaller sites within the NHP. The consultant procurement within the NHP has also supported small, diverse-led and local consultant firms where possible, for example through architect appointments. In turn, the consultant appointments have also been key to leveraging social value through provision of employment, skills and training opportunities for Hackney residents. This is set out in more detail below in Section 19.

## **11. Consultation / Engagement**

- 11.1 In accordance with the long-standing commitment to delivering new homes alongside the local people they impact and benefit, the Council has sought to ensure this programme of new housing projects is informed by the views and priorities of the Hackney community. In early 2022 the Council undertook a borough-wide engagement exercise to gather input on the principles of a new housing programme, with 199

residents sharing views to help determine how and where the Council should focus its efforts, and ensure new homes are brought forward to benefit and with support from the local community.

- 11.2 Following this, in the summer of 2022, the Council undertook dedicated engagement with residents and local stakeholders at the 15 initial NHP locations identified as having the potential to accommodate new homes, with 447 residents formally sharing their views. The scope of the engagement was not solely to inform whether or not to progress ideas for a new development at each location, but to gain a full understanding of the place from a resident's perspective at the earliest possible stage, including the opportunities and challenges that building new homes could create, before any design work takes place. This input has been considered alongside other factors such as financial and planning requirements, and will be used to inform how the Council takes forward its plans for these locations.
- 11.3 Resident Steering Groups (RSGs) have been formed to foster more intensive resident involvement and engagement across a number of sites, where there was sufficient resident interest. In total, nearly 50 meetings have been held to date, across the seven Resident Steering Groups (RSGs) that have been established at Nye Bevan, Fellows & Weymouth, Broadway, Regents, Parkside, Wayman and Blandford Court (Lockner Estate). The project teams have taken a balanced approach to membership, promoting groups whose membership is representative of the surrounding residents as far as possible, particularly in terms of tenure. The RSGs have met on a regular basis, supported by an Independent Tenant and Leaseholder Advisor, to review plans and input into the design development process, providing valuable input for project teams and design teams in terms of local knowledge.
- 11.4 Additionally, wider community engagement has been conducted at each work stage of every scheme with additional door knocking, and targeted sessions with immediate neighbours, young people, local schools, nearby businesses and community organisations. In total, around 50 public drop-in engagement events have occurred across all sites to date. Tenant and Resident Associations (TRAs) on estates are actively engaged and updated at each stage. The feedback received at these meetings and events has been used to inform the design of schemes where possible and residents have been told how they have influenced schemes at follow up events.
- 11.5 Ongoing discussions are occurring on estates with key internal stakeholders such as Property & Asset Management, Building Safety and Housing Management teams to ensure that interventions on estates are coordinated. Managers within Housing Services are engaged at each project stage invited to Gateway meetings at key milestone points for each project.

- 11.6 An overarching Planning Performance Agreement (PPA) is in place with the Local Planning Authority for the NHP, and project teams have sought pre-application planning advice at each work stage. Consultation with statutory consultees such as Transport for London, the Highways authority, and the Lead Local Flood Authorities has also occurred. An overarching Section 106 Unilateral Undertaking (UU) is being developed to acknowledge the principle of the programme approach to housing delivery which is being taken within the NHP (aligned to the approach taken on previous housing regeneration programmes). On 5 March 2025, the planning sub-committee noted the agreed principles of the programme overarching UU. Further statutory consultation will also be undertaken as schemes are submitted to planning.
- 11.7 Internally, within the Housing Regeneration & Delivery team, each scheme has been peer reviewed by the Regeneration Design Advisory Group (RDAG), an independent panel of professionals in the built environment sector (for example architects, landscape architects, urban designers).
- 11.8 Hackney's in-house employment officer within Regeneration, alongside the Hackney Works team, has also been key to the success of employment and training opportunities through consultant teams, and in preparing for similar social value to be realised through main construction contracts.
- 11.9 Hackney's in-house Sales & Marketing Team, is responsible for sales of for-sale homes on specific schemes where the Council is developing them directly. The team is a key advisor throughout design development to ensure designs are marketable, particularly to local buyers, and values are optimised. The only project within this report that includes outright sale homes is Wayman Court.
- 11.10 Ward Councillors do not have a formal decision-making role in projects but their involvement is essential to a well-functioning public authority and good relations with communities. Generally, meetings are held with Ward Councillors in affected wards on a quarterly basis to update and liaise.

## **12. Risk Assessment**

- 12.1 Each procedure/package has been assessed using the Risk Assessment Tool (RAT). This considers the scale, type and nature of the contracts, level of complexity, and potential for system changes to effectively manage the contract. All of the procedures in this report have been assessed as medium risk in line with the CSOs, which is typical for capital delivery projects of the scale and type in question.
- 12.2 A joint Procurement Impact Assessment (PRIMAS) has been prepared for the procedures covered by this report, noting the range of

opportunities and obligations expected to be secured, including social value.

12.3 The key programme risks and issues are as follows (detailed risks and issues, and mitigation measures are set out in Appendix 1).

- Financial
  - Build costs exceed projections
  - Increase in interest rates on Council borrowing
  - Reduced levels of subsidy available
  - Contractors go into liquidation
  
- Reputational
  - Resident opposition to proposals
  - Loss of Member support for plans
  - Investment in existing homes alongside new build
  - Negative customer and resident experience
  
- Timely delivery
  - Complex site or construction issues or abnormalities arise
  - Unforeseen planning constraints
  - Change in regulatory requirements
  - Inefficient programme management and lessons learned

## **13. Insourcing**

### **13.1 Insourcing Considerations**

13.1.1 This Business Case encompasses five contracts for the delivery of new build housing development of the highest standards of quality and sustainability, and on complex brownfield sites. The capacity and expertise for this work does not exist within the Council whereas there is a large, mature and competitive sector for these works and services in the market. For these reasons insourcing is not an appropriate option for further consideration.

### **13.2 Proposed Procurement Arrangements**

#### **13.2.1 Procurement Route**

The Competitive Flexible Procedure will be the procurement route for the five procurements covered by this Business Case. Further details are provided in section 4 of this report.

#### **13.2.2 Future additional or repeat goods/services/works**

The projects contained in this report are one-off capital developments. Future capital projects to be brought forward by the Council shall be competitively tendered and therefore it is not otherwise expected that additional or repeat awards shall be made to the successful bidders arising from these procurements.

### **13.2.3 Procurement Project Management, Resources & Key Milestones**

There are five procurement procedures encapsulated in this report - a procurement timetable for each is enclosed at Appendix 3. In summary, each procedure shall be managed by the lead Development Manager within the Housing Regeneration & Delivery service, supported by a Development Officer and overseen by the relevant Head of Housing Delivery - North or South. A Procurement Category Manager shall facilitate each procedure, and the Cost Consultants and Employer's Agents working on the projects in a consultancy capacity shall run the tenders in a day to day capacity. The procedures set out in this report are expected to launch in 2026 and reach contract award and start on site in 2027.

### **13.2.4 Anticipated Contract Type**

The anticipated contract type for all projects is the Joint Contracts Tribunal (JCT) Design and Build Contract 2024 incorporating the London Borough of Hackney's schedule of contract amendments. A comprehensive suite of contract documents shall include the Council's General Conditions and Employer's Requirements, which shall comprise the Regeneration Division's New Build Design Specification (NBDS) Version 6, project specific derogations and detailed design and site information.

### **13.2.5 Subdivision of the Contract into Lots**

This Business Case sets out the strategy for procurement of five development projects, each of which will be procured through the Competitive Flexible Procedure via Find a Tender. As detailed in section 4, consideration was given to packaging of sites, which would have potentially led to some procurement procedures including multiple Lots, but it was concluded that this is not an optimal strategy for projects in this report.

## **14. Contract Modification should a Known Risk Occur**

- 14.1 Consideration has been given to known risks and, should they occur, that the contract can be modified, as permitted under the Procurement Act 2023, such as a change to the contract terms e.g. to increase the scope or duration of the contract. Relevant risks will be clearly set out in the tender notice and corresponding tender documents, with details of the

scope of any potential modifications to the contract that would be implemented if such risks were to occur.

- 14.2 If known or unknown risks occur, and the contracts require modifications, we will ensure that contract modifications are transparent and documented, with clear justifications for the changes. We will follow the procedures outlined in the Procurement Act 2023 for modifying contracts, ensuring that changes are compliant with legal and regulatory requirements.

## 15. Insurance

- 15.1 The successful bidder for each contract shall be required to hold adequate levels of insurance which are commensurate with the value of the construction contract in question. The following levels of insurance are expected and these have been discussed with the Insurance Team. Insurance will be sought on the basis of cover being for a single claim or series of claims arising out of an event, also known as an 'each and every claim' basis.

Project	Contractor's All Risks Insurance (minimum)	Employer's (Compulsory) Liability Insurance	Public Liability Insurance	Professional Indemnity Insurance
NHP4.1 Wayman Court	£10 million	As required by law	£10 million	£10 million
NHP 4.3 Cherbury Court	£20 million		£20 million	£10 million
NHP7 Selman & Wellday	£12 million		£10 million	£10 million
NHP8 Parkside	£10 million		£10 million	£10 million
NHP9 Blandford Court	£5 million		£10 million	£5 million

## 16. Preliminary Market Engagement

- 16.1 Several Soft Market Testing (SMT) exercises have been carried out to engage the construction and development market on a number of the opportunities and principles relating to the Tranche 1 sites, and to inform the Tranche 2 strategy. As this engagement was relatively recent and both the Procurement team and Cost Consultants advised that there has been no significant change to the market, no Tranche 2 specific further market engagement was done. However, preliminary market engagement will be undertaken for each site in due course. The learning from the Tranche 1 engagement is summarised below:

- There is good interest in both packages and contractors supported the packaging strategy, to leverage synergies and efficiencies;

- There was little to no interest in a Partnership model, for example a Development Agreement (DA) or Joint Venture (JV), due to the limited size of the private sales opportunity;
- Generally contractors are comfortable with a single-stage Design and Build procurement in the current market, subject to a well developed RIBA Stage 3+ design and site surveys and investigations enabling accurate risk pricing;
- Feedback on the need to comprehensively de-risk designs if cost-effective Passivhaus Certification is required of a contractor;
- Construction programme, sequencing and logistics input gathered for each site, to inform planning proposals;
- Consider limiting tender shortlists to four bidders (rather than five) which is typical in the private market and may encourage higher quality bids.

16.2 A joint SMT exercise was undertaken to the whole market in January to March 2025, via the Find a Tender platform, targeting smaller contractors on the two terraced housing schemes in the programme, to which eight meaningful written responses were received. The key points taken from the exercise were:

- There is good interest both in the package of two sites and if procured individually.
- Means of accessing SME contractors is key - they are generally not well represented on frameworks, but there are Dynamic Purchasing Systems (DPSs) available which should be considered, alongside open market tenders.
- Consideration of early contractor involvement particularly in buildability and site logistics.

16.3 Having fed into and confirmed the overall strategy and packaging of sites, the programme's Cost Consultants, Exigere LLP and Bristow Consulting, have provided a written procurement strategy report for each procurement package / procedure. These are provided in Exempt Appendices.

## **17. Savings**

17.1 The New Homes Programme projects will deliver new, high quality homes and associated public realm improvements, and contribute to the regeneration of the borough. New homes are an 'invest to save' proposition, whereby investment in new supply contributes to reducing the demand for nightly paid temporary accommodation and other statutory services. New homes also assist the Council to run a cost

effective management function, with significantly lower maintenance and running costs than existing housing stock. Lastly, utility bills will be lower due to the efficiency of the buildings which are designed to meet both current and future needs of residents.

- 17.2 As part of the tender process, contractors will be asked for their options for innovation, including cost reductions, value engineering and removing risk.
- 17.3 The Council's Local Lettings Policy 'Keeping Communities Together' is expected to continue to apply for the allocation of new social tenancies in these developments. The policy prioritises existing tenants in the urgent housing need band, whose existing property does not meet their needs, for a new social property. This has the effect of freeing up existing social stock locally for re-allocation to those from the waiting list.

## **18 Income Generation**

- 18.1 Ongoing rents from the new social rented homes and the rents on unsold shares of the shared ownership homes will contribute towards future management and maintenance of the homes and public realm. In addition, the value of outright sale homes will cross-subsidise the cost of building the homes for social rent.

## **19 Sustainability and Climate Change and Social Value Benefits**

### **19.1 Procuring Green**

- 19.1.1 One of the key objectives of the NHP is to contribute to Hackney's Sustainability objectives. As such the programme (and each site contained within) aims to meet, and exceed, sustainable design and construction policy requirements. In doing so, the following design principles have been adhered to across the programme:

- Delivering environmentally friendly new homes, contributing towards the Council's net zero obligations (minimising carbon dioxide emissions across sites including the building and services such as heating and cooling systems);
- Future-proof projects to meet strengthened sustainability regulations and requirements;
- Considering durability of products or equipment - can we buy equipment with a longer life without prohibitive cost increases or compromising quality;
- Avoiding internal overheating and contributing to the heat island effect;

- Efficient use of natural resources and systems in and around buildings;
- Minimising noise and pollution;
- Minimising the generation of waste and maximising reuse or recycling;
- Avoiding impacts from natural hazards including flooding;
- Ensuring the buildings are comfortable and secure for users, Including avoiding the creation of adverse local climatic conditions;
- Securing sustainable procurement of materials, using local supplies where feasible
- Promoting and protecting biodiversity and green infrastructure; and,
- Avoiding unnecessary demolition of existing homes.

19.1.2 The NHP projects are being designed and will be constructed in line with the Council's commitment to address the Climate Emergency, and responsive to Hackney's Climate Action Plan 2023-2030 (CAP). The Council is committed to ensuring that the NHP contributes to Hackney's environmental sustainability and carbon objectives, and supports and strengthens existing neighbourhoods, as well as reducing fuel poverty by reducing energy demand. A number of environmental benefits will arise from each project, including highly energy efficient homes, urban greening, biodiversity net gain, flood risk mitigation and the promotion of active travel.

19.1.3 Across the NHP, the aim has been to achieve Passivhaus Certification where a site is feasible and financially viable, for example based on its orientation and form factor, as the construction cost resulting. Where Passivhaus standards cannot be met, project teams are targeting AECB, or Part L (plus) standards, subject to viability considerations. A programme wide assessment of suitability for Passivhaus and AECB has been undertaken across the Tranche 2 sites and three are currently being targeted for Passivhaus Certification, with the remaining two sites expected to achieve AECB Certification. In addition, six sites have been identified for Passivhaus Certification within Tranche 1.

19.1.4 Sustainability statements and energy strategies are being prepared and shall be submitted as required with the planning applications in order to demonstrate the projects meet or exceed current standards.

19.1.5 The primary negative impacts are caused during the construction period - embodied carbon in the construction itself, and the impact of construction vehicles and activity on the environment, including emissions, noise and dust. Embodied carbon shall be assessed with a whole life carbon analysis and construction impacts shall be mitigated and minimised through the Construction Management Plan. Recycling

construction waste and the development of a Site Waste Management Plan are mandatory. As set out in Section 18 some of these elements will be assessed within the KPI framework developed for the NHP.

## **19.2 Procuring for a Better Society**

- 19.2.1 The NHP provides the Council with a significant opportunity to leverage additional economic benefits, beyond the provision of new homes. As set out above, key objectives of the NHP include creating better homes and neighbourhoods, securing value for money in the short and long term, and supporting an inclusive economy.
- 19.2.2 In line with Hackney's Sustainable Procurement Strategy, and recognising the significant 'buying power' that the Council has in the context of delivering new homes via the NHP and other programmes, a key driver within the NHP has been to secure social value outcomes for Hackney's residents and businesses via our consultant appointments, including architects (Haworth Tomkins, Sergison Bates, Al Jawad Pike, Citizens Design Bureau, and Archio); Quantity Surveyors (Bristow and Exigere); multi-disciplinary consultants (XCO2 and their sub-consultants); and planning consultants (HTA).
- 19.2.3 To ensure a broader, more representative base, the NHP architects procurement included criteria for locality (LBH or neighbouring boroughs), smaller office size (less than 20 employees) and diverse-led (Black or Global Majority, or female leadership). This has resulted in 100% located locally, 70% being under 20 employees and over 50% having Black or Global Majority, or female, leadership.
- 19.2.4 In addition, we have also required consultants to demonstrate their commitment to social value through their provision of opportunities for local people in Hackney, through, for example, apprenticeships; work experience (both paid and unpaid, including Hackney 100); and for residents with disabilities.
- 19.2.5 Whilst recognising that the contract value of consultant appointments is significantly lower than that of main construction contracts, it is notable how successful the social value delivered through consultant appointments has been to date, including opportunities for employment and work experience as well as a strong willingness to engage with Hackney's local schools and colleges. To date the consultants appointed on the NHP have delivered Level 6 university (5 year) apprenticeships for Hackney residents in Architecture, two Quantity Surveyor (to Chartership); and currently have additional Level 6 apprenticeship opportunities in Building Design Engineering and another Quantity Surveyor on offer. The paid placements are delivering opportunities for Hackney's residents to showcase their skill sets, and to date, have resulted in two Hackney candidates securing full-time roles following

their placements; one in graphic design and another as a full time assistant to a partner.

- 19.2.6 The programme has also created 94 weeks of paid work placements, and 46 weeks of unpaid work placements for Hackney students. The unpaid student placement commitments have started to deliver placements for our (Y12) Hackney students with interests in these consultant roles. Students from City Academy, Clapton Girls High School, Haggerston and Cola (Shoreditch Park) are all benefiting, with guidance from Hackney's in-house work-placement team.
- 19.2.7 A number of additional consultant appointments will be required across the NHP schemes to ensure they are constructed in a compliant and to a high quality. Forthcoming consultant appointments (which will be subject to their own procurement exercises) include the following:
- Party Wall Surveyors x 2
  - Clerk of Works x 2
- 19.2.8 Main contractors will be appointed to deliver schemes across the NHP as set out above. In line with Hackney's Sustainable Procurement Strategy, and building on the strong track record of schemes already delivered by Hackney's Housing Regeneration & Delivery Team, there will be a number of social value deliverables secured through the main contracts (and agreed Employment and Skills Plans, ESPs), including:
- Minimum of 25% local labour;
  - 1 apprenticeship per £2m construction value.
- 19.2.9 In addition, it is expected that main contractors will engage in other social value activities such as supporting local skills gaps in the green economy, career talks at local schools; visits from local schools, training courses and events, participation in Jobs Fairs, site visits, and work experience placements.
- 19.2.10 Employment and training will form one of the elements evaluated as part of the quality section in the invitation to tender, and bidders will be expected to demonstrate what they will deliver.
- 19.2.11 Similarly, in the event that enabling works / demolition contractors are procured separately to the main contractors, obligations including local labour and apprenticeship opportunities will be secured, as appropriate. The requirement to pay staff at least the London Living Wage is also embedded in all contracts.
- 19.2.12 The contractor will be required to provide a quarterly local labour return and must notify the Council's Hackney Works Team of any vacancies for employees, self-employed labour, subcontractors and any other form or type of employment or service arising from the construction of the development

19.2.13 As set out in Section 22 some of these elements will be assessed within the KPI framework developed for the NHP.

### 19.3 **Procuring for Fair Delivery**

19.3.1 The principles of procuring fair delivery include: fulfilling our public sector equality duty; following ethical practices such as Fair Trade; paying the London Living Wage; tackling modern slavery and human trafficking and ensuring that communities, suppliers and workforces are diverse.

19.3.2 The project teams will be using a Procurement Act 2023 compliant procurement procedure and carrying out significant due diligence and contractual protections to safeguard employee protection in the contractor's supply chain.

19.3.3 Tenderers will receive identical tender documents and each tenderer will be given the same opportunity to review and respond. Tenderers were given the opportunity to submit clarification questions. Where a clarification is not commercially sensitive, the clarification and the Council's response was anonymised and issued to all bidders.

19.3.4 The Council is committed to ensuring that workers' rights are preserved in the context of fair and prompt payment to subcontractors and bidders will be required to agree to the Council's targets around local labour, employment and skills. The contractor will be required to commit to stringent health and safety protocols on site and relevant KPIs will be scored during the construction period.

19.3.5 In accordance with the Sustainable Procurement Strategy we will require suppliers to offer wages and benefits that as a minimum meet relevant industry benchmarks and nationally required standards and to consider pay and workforce conditions in its services and works contracts in a manner consistent with Best Value ensuring that pay rates are at least equivalent to the London Living Wage.

19.3.6 We ask all suppliers to confirm compliance with the Modern Slavery Act and that they have a whistleblowing policy.

19.3.7 Delivery of the projects within the NHP will have positive impacts on residents of the new homes who tend to be those in unsuitable social or temporary accommodation. Households who are likely to benefit will be disproportionately overcrowded families, older residents, disabled residents and the children of larger families, as well as marginalised residents such as LGBT+ people who are at disproportionately high risk of domestic abuse and homelessness.

19.3.8 The primary negative impact of this project is disruption during construction works, which is not disproportionately linked to any equalities characteristic.

19.3.9 KPIs are likely to include an assessment of the quality and timeliness of responses to residents.

#### 19.4 **Social Value Benefits**

19.4.1 As set out above, supporting an inclusive economy is one of the key objectives of the NHP. The NHP will thereby look to leverage social value in three key ways:

- Providing new community uses and high street spaces where appropriate to strengthen local services and economies.
- Promoting diversity and inclusion in procurement and ensure projects support green and inclusive growth.
- Expanding apprenticeship and training placements, both with building contractors and professional (consultant) teams.

19.4.2 As set out in Section 19.2 above, this practice is embedded in the way the NHP is being delivered both through consultants, as it will be through main contractors.

19.4.3 Sustainability and social value will make up at least 15% of the quality score.

#### **20. Equality, Inclusion, Diversity and Belonging (including any statutory Equality Impact Assessment)**

20.1 An Equalities Impact Assessment (EIA) has been completed to assess the equalities impacts of the proposed new house building programme. This assessment identifies opportunities to promote equality or avoid negative equality impacts as a result of the programme. On balance, the negative impacts are outweighed by the positive impacts on different equality groups.

20.2 We will be providing a mix of different size homes and tenures to cater for a variety of household types and compositions. The Council is also committed to building new homes that are adaptable to the varying needs of occupiers over time, and that will enable people to live independently in their homes for longer.

#### **21. Contract Management (and Mandatory Use of the Contract Management System) or Service Management for Insourcing**

21.1 The New Homes Programme is being delivered as a cohesive programme, with management/operational responsibility divided geographically (North and South) and overseen by the Head of Housing Delivery - South, and the Head of Housing Delivery - North.

21.2 The necessary resources and skills to ensure that projects and related contracts will be successfully managed have been identified, and are either available within the Council or have been procured externally. Each project will be delivered by a Development Manager (DM), supported by a Development Officer (DO) within the Council's Housing Regeneration & Delivery Team, overseen by the Head of Service for Housing Delivery.

The programme delivery team consists of the following members:

- Project Sponsor - AD, Housing Regeneration and Delivery
- Head of Service – Heads of Housing Delivery (North/South)
- Project Lead – Development Manager (DM)
- Design Advice – Regeneration Strategic Design Team
- Cost Consultants (QS) – Exigere (South), Bristow (North)
- Employers Agents (EA) Ikon (South), Stace (North)
- Building Regs and CDM Principal Designer statutory functions – generally the responsibility of architects at the pre-contract stage and main contractors at the post-contract / construction stage.
- Planning Consultant - HTA Design

21.3 Hackney has a track record of building high quality, enduring and sustainable housing schemes. The Council's Regeneration Strategic Design (RSD) team within Housing Regeneration & Delivery supports all stages of design development, procurement and delivery by providing strategic advice, scrutiny and assurance to Development Managers on design, placemaking and technical matters. Generally RSD attend regular project team meetings to enable complex design matters to be dealt with collaboratively and rapidly.

21.4 During the pre-construction phase the projects have been managed on a day-to-day basis by the Development Manager in the Council's Housing Regeneration and Delivery team. Monthly design team meetings have been chaired by the lead designer (architect) with monthly project team meetings chaired by the Development Manager on the project.

21.5 Key decisions will follow the processes set out in the Regeneration Programme Manual and comprehensive project management and budget management procedures are in place including monthly project reviews with the relevant Head of Service.

21.6 Reporting on progress, milestones, risks and issues, and project/ programme finances is undertaken on a quarterly basis by Heads of

Service, and is reported to the Assistant Director of Housing Regeneration & Delivery for scrutiny, as programme sponsor.

- 21.7 Quarterly reporting to the Assistant Director of Housing Regeneration & Delivery in turn feeds into the quarterly Climate, Homes and Economy performance review by the Group Director. Progress is also reported at the quarterly Housing Lead Member briefing sessions, as well as key issues being discussed on a monthly basis with the Deputy Mayor of housing supply, planning, culture, and inclusive economy. Overall programme delivery is monitored by the Capital and Asset Steering Board, which is composed of senior directors and Cabinet lead members, with quarterly reporting on progress, milestones, financials and risks and issues, brought to this forum by the Assistant Director of Housing Regeneration & Delivery.
- 21.8 A robust risks and issues management framework is used on all projects to foresee, assess and mitigate the complex range of risks inherent to housing development. Risk management is the responsibility of the Development Manager and all consultants are required to engage proactively and in an ongoing way to ensure risks and issues are flagged and managed successfully, and opportunities are fully understood and grasped where appropriate.
- 21.9 Project lessons learnt are also captured on a monthly basis by project teams, and escalated to programme level as relevant, through the quarterly monitoring process in order to promote continuous improvement within the service. Quarterly lessons learnt workshops are held with the Divisional Programme Office and Heads of Service including Regeneration Strategic Design. Where lessons learned interact with other teams, working groups have been established, for example the bi-monthly 'Green Skills Working Group' which has been set up to forward plan the adoption of technology, such as air source heat pumps, with Housing Services.
- 21.10 Once in contract with a main contractor, the building contracts will be administered by the Council's appointed Employer's Agent on behalf of the Council. The Employer's Agent and Quantity Surveyor team will carry out monthly valuations of works completed on site and certify the value of these works. The Clerk of Works will also monitor quality of workmanship and compliance to Building Regulations on site.
- 21.11 Once in contract and on site, the main contractor must follow the Council's Change Control Process to request permission to vary an item/activity or for a cost increase associated with an item/activity. This process will be administered via the Council's Employer's Agent with input from the QS, as appropriate, and scrutiny by relevant internal teams and Heads of Service to ensure change requests are appropriate and represent value for money.

## 22. Key Performance Indicators (including for Insourcing)

22.1 Key performance indicators (KPIs) will be developed for each of the main contracts procured to deliver tranche 1 of the NHP. Below is a template (example) of the KPIs that will be used and adapted as appropriate across the schemes:

KPI subject	Measurement	Monitoring method & info responsibility	Metric
<b>Programme</b>	Total days ahead or delayed	Contractor to update the programme on a monthly basis and provide reasons for delays. EA to assess the Contractor report and provide its own final monthly review.	No. of days
	Accuracy, timelessness, and quality of Contractor's programme/delay reporting	EA to assess monthly	Qualitative assessment
<b>Cost</b>	Divergence between original cumulative forecast and last valuation.	Contractor to make applications. QS to report monthly.	£ difference on total gross value
	Divergence between application and agreed valuation (or Pay Less Notice amount)	QS to value and report monthly	£ difference on total gross value
	Divergence between last monthly forecast and last valuation	Contractor to make applications. QS to report monthly.	£ difference on total gross value
<b>Change Control</b>	Contractor proposed changes – Quality and timeliness design, time and cost information	EA to assess monthly	Qualitative assessment
	Employer proposed changes – Responsiveness of design and cost information (including detail and breakdowns)	EA to assess monthly	Qualitative assessment
<b>Quality of Construction</b>	Assessment of site inspector report – seriousness of quality concerns identified.	EA / Clerk or Works to assess monthly	Qualitative assessment
	Assessment of Contractor response to remediating site inspector concerns	EA to assess monthly	Qualitative assessment

	Defects – number remedied within timeframes	Contractor and LBH to provide information to EA for monitoring and report monthly from practical completion	No of defects
<b>Design</b>	Timeliness of general design information release to allow sufficient time for Employer review	Contractor to report days early or delay from information release schedule targets.  EA to check and report	Qualitative assessment
<b>Health and Safety</b>	Qualitative assessment of Contractor H&S approach including site assessment by Principal Designer and response to H&S concerns including accidents and near misses	Contractor to provide own H&S assessments and information.  EA and PD to assess	Qualitative assessment
<b>Waste Management</b>	Percentage of waste diverted from landfill	EA to assess monthly	% diverted
	Initiatives undertaken to minimise waste arising from deliveries to site	EA to assess monthly	Qualitative assessment
<b>Employment and Training</b>	Percentage of local labour (aiming for 30%)	Contractor to provide monthly labour return	Target met/ exceeded
	Number of apprentices	Contractor to provide monthly labour return	Target met/ exceeded by what percentage
	Confirmation of London Living Wage	Contractor to report monthly on checks and confirm London Living Wage compliance	Yes/ No
	Quality of engagement and communication with Hackney works	Contractor and Hackney Works (through LBH Project Officer) to report. EA to assess	Qualitative assessment
<b>Neighbour Satisfaction</b>	Number of complaints, and quality of response	Contractor to provide information. EA to assess monthly	Qualitative assessment

	Initiatives undertaken by the Contractor to ensure engagement and communication with neighbours.	Contractor to provide information. EA to assess monthly	Qualitative assessments
<b>Supply Chain Management</b>	Fair payment of subcontractors	Days behind or ahead of payment schedule and total value of arrears	Qualitative assessments
	Fair payment of subcontractors	Percentage of contractors paid on or before time provided each month	Qualitative assessment

22.1 The monitoring of KPIs will be carried out through project teams and escalated through corporate reporting mechanisms, such as Climate Homes and Economy (CHE) and Capital Asset Steering Board (CASB) as appropriate.

### **23. Conflicts of Interest Assessments**

23.1 In accordance with the CSO's guidelines and PA23, addressing conflicts of interest will be a crucial element to ensure integrity, transparency, and fairness throughout the procurement process.

23.2 Conflict of interest assessments will be carried out as appropriate, for all scenarios where officers, Members, consultants, and stakeholders (internal and external) are in a position to influence or make decisions in relation to the procurement of main contractors across the NHP schemes.

23.3 Any actions resulting from these conflict of interest assessments will be documented and appropriately mitigated. Furthermore, we will require conflict of interest declarations to be updated at different stages of the procurement and contract management process to reflect any changes that may occur. Any actions arising from the conflict of interest assessment will be recorded, and mitigated, as appropriate.

### **24. Financial implications**

24.1 The procurement strategy for Tranche 2 of Hackney's New Homes Programme (NHP) focuses on securing Design and Build (D&B) construction contracts for five housing development projects. This approach prioritises efficiency and value, combining both detailed design and construction responsibilities under single contracts to streamline project delivery and ensure accountability. The preferred route is a Competitive Flexible Procedure (Procurement Act 2023 compliant) via an open market tender for a single contractor per site. The estimated total contract value for these projects is currently £52 million, reflecting the

scale and ambition of Hackney's commitment to addressing its housing needs.

- 24.2 To mitigate financial and operational risks, the Council has adopted a fixed-sum, single-stage procurement process. This ensures cost certainty and allows for comprehensive de-risking of site designs before contracts are awarded. Contractors are required to meet stringent insurance thresholds, including public liability and professional indemnity coverage, tailored to the scale of each project. Additionally, the Procurement Impact Assessment (PRIMAS) is leveraged to identify opportunities for cost savings and social value outcomes. Through competitive tendering and strategic packaging of sites, the Council ensures that these contracts deliver high-quality housing developments while achieving value for money and long-term financial sustainability.
- 24.3 The financial viability of the Tranche 2 sites, alongside all other Housing Regeneration projects, is revisited once a quarter to ensure overall programme viability targets are being met. These targets are currently being achieved. The costs to deliver these projects have also been included within the HRA business Plan and the 10 year capital plan for the HRA.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Adam Jauncey, Strategic Finance Manager, 17/12/2025

## **25. VAT Implications on Land & Property Transactions**

- 25.1 Formal advice received in relation to the construction of the Tranche 2 schemes, which include 101 social rented homes and eight homes for outright sale notes that in principle, any VAT incurred on the following should be recoverable in full. The main points of the advice are set out below and assume that everything is delivered through the Council:
- Construction Costs: Although the construction of new dwellings is typically Zero-Rated (0% VAT), any residual VAT that might be incurred on the costs should be fully recoverable.
  - Land Purchase: If any land purchase was required and the seller had applied an Option to Tax, making the supply Standard-Rated (20% VAT).
  - Outright sales: These are Zero-Rated taxable sales (first grant of a major interest in a new dwelling)
  - Social Housing Rents (within the HRA): These are treated as Non-Business activities

VAT implications prepared on behalf of the Group Director Finance & Resources by Orlene Wallen, Taxation and Compliance Advisor, orlene.wall@hackney.gov.uk, 04 December 2025 NB. Advice provided by Price Waterhouse Cooper (PwC)

## **26. HR/OD implications**

- 26.1 There are no Human Resource or Organisational Development implications as a result of this report.

HR/OD implications prepared on behalf of the Director of HR/OD by Steve Swain, Strategic HR OD Business Partner, [Steve.Swain@hackney.gov.uk](mailto:Steve.Swain@hackney.gov.uk)  
16/12/2025

## **27. Legal implications**

### **27.1 Legal Risk Classification and Governance Route**

- 27.1.1 This Business Case has been assessed as medium risk, having regard to the nature, scale and complexity of the proposed procurements. In accordance with paragraph 2.17 of Part 5B of the Contract Standing Orders, the approval of a medium risk Business Case over £2.5m is referred to the Cabinet Procurement and Insourcing Committee. Given the strategic importance, aggregate value and programme wide implications of the New Homes Programme Tranche 2 procurements, it is lawful, appropriate and consistent with the Part 5B of the Contract Standing Orders for this Business Case to be presented to Cabinet Procurement and Insourcing Committee. Members are therefore advised that the governance route proposed in this report is procedurally correct and compliant with internal rules.

### **27.2 Procurement Law Compliance**

- 27.2.1 The proposed procurement strategy has been reviewed against the Procurement Act 2023, the Council's Contract Standing Orders and relevant public law principles and are deemed to be compliant. See section from the Procurement Category Lead below.

### **27.3 Delegated Authority and Decision-Making**

- 27.3.1 The proposals in this Report also seek delegated authority for the Group Director of Housing, Climate and Economy, in consultation with the Group Director of Finance and Resources and the Director of Legal, Democratic and Electoral Services, to enter into main building contracts and if appropriate any preceding or parallel demolition or enabling works contracts with the preferred contractor for each project. Paragraph 2.4 of the Cabinet Procedure Rules states that "If the Elected Mayor delegates functions to a Committee of the Cabinet, the Committee may delegate further to an officer, except where the Elected Mayor has said that they are not allowed to delegate further". Cabinet Procurement and Insourcing Committee, as a committee of the Cabinet, is therefore permitted to delegate to an officer the decision to agree to the award of such contracts.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Patricia Haywood, Contract & Procurement Lawyer, patricia.haywood@hackney.gov.uk, Date: 18 December 2025

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

- 28.1 These procurements are each and all compliant with both the Council's Standing Orders and the Procurement Act 2023.
- 28.2 Each procurement was considered separately and the strategies for each Competitive Flexible Procedure was assessed as being the optimal route forwards because of the special nature of each site.
- 28.3 Procurement agrees that holding separate competitions rather than a consolidated single multi-site procurement was the best solution because each scheme is special and they are geographically dispersed and so a single contractor offers little benefit and a higher concentration of risk.
- 28.4 Market inflation seems to be relieving after 4 years of very high category inflation and so the multiple procurement approach is considered by Procurement to offer best value for money.
- 28.5 The use of the JCT D&B form of contract, as planned, with Hackney amendments is the optimal contracting route in Procurement's view as it is well understood by the project team and is the leading form of contract in this space.
- 28.6 The Programme has equipped itself with excellent internal support resources and expertise and also professional services, these being essential to successful delivery, the Procurement team believes that all elements and services have been procured for success.

Comments of the Procurement Category Lead prepared by: David von-Ackerman, Category Lead - Construction & Environment  
david.von-ackerman@hackney.gov.uk  
5 December 2025

## **Appendices**

[Appendix 1 - Risks and Issues Summary](#)

[Appendix 2 - NHP Project Locations Map](#)

[Appendix 3 - Project Boundary Plans](#)

[Appendix 4 - Procurement Timetable](#)

[Appendix 5 - Images of Project Proposals](#)

## **Exempt Appendices**

Exempt Appendix 1 - Summary of Estimated Contract Values

Exempt Appendix 2 - Cost Consultant Procurement Report - NHP North Sites (Tranche 2)

Exempt Appendix 3 - Cost Consultant Procurement Report - NHP South Sites (Tranche 2)

### **Reason(s) for exemption**

By Virtue of Paragraph(s) 3 of Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

### **Background documents**

- [Cabinet approval](#) December 2022 for the New Homes Delivery Programme (Key Decision CHE S142).
- [Hackney Procurement Board \(HPB\) approval](#) March 2023 of the strategy and business case for procurement of consultant team services to the NHP.
- Cabinet Procurement and Insourcing Committee (CPIC) approval December 2023 to award the Multidisciplinary Engineering and Technical Services Contract (MDC) for the NHP ([Key Decision CHE S275](#)).
- Cabinet report January 2026 for the New Homes Programme financial plan and funding arrangements ([Key Decision HCE S644](#)).