

Report to: Councillor Frances Umeh, Cabinet Member for Housing and Homelessness

Date: 20 August 2025

Subject: Procurement Strategy and Contract Award for Energy Improvement Works Using Social Housing Fund Wave 3 Warm Homes

Report author: Gavin Duncumb, Senior Commercial and Contracts Manager

Responsible Director: Sukvinder Kalsi, Executive Director of Finance and Corporate Services

SUMMARY

This Procurement Strategy recommends a contract award to provide a partner to work with London Borough of Hammersmith and Fulham Council (the “Council”) to improve energy efficiency within our Council homes.

Using Lot 10: Partnership for Power Solutions of the South East Consortium (SEC) Zero Carbon Solutions framework (the “Framework”) to award a contract to the Preferred Supplier for the works element of the contract, identified in appendix 1 (“Preferred Supplier (Works)”) for the Contract Value included in appendix 1 (the “Contract Value (Works)”). The contract award is intended to support an overarching strategy to improve energy efficiency within Council homes with Energy Performance Certificate of D or below.

To ensure compliance with the Construction (Design and Management) Regulations 2015 (CDM Regulations) this procurement strategy also recommends a direct award to the Preferred Supplier for the professional services element of the requirement, identified in appendix 1 (“Preferred Supplier (Professional Services)”) for the Contract Value included in appendix 1 (the “Contract Value (Professional Services)”), who are the top-ranked supplier on Lot 1: Multi-Disciplinary Services of the Hammersmith and Fulham Consultancy Framework to act as principal designer at preconstruction and during mobilisation.

This is a value and time limited award to support the effective delivery of energy efficiency measures to help reduce our overall carbon output, improve thermal efficiency of our Council homes and reduce negative impacts like damp and mould.

RECOMMENDATIONS

1. Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

2. To approve a contract award to Preferred Supplier (Works) for the works element of the requirement, for a contract period of 3 years, for the Contract Value (Works). using Lot 10 of the Framework. We aim to incept the contract as soon as allowable.
3. To approve a contract award to the Preferred Supplier (Professional Services) for the professional services element of the requirement to provide principal designer services at preconstruction stage, for the Contract Value (Professional Services), using Lot 1 of the Hammersmith and Fulham Consultancy Framework.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	Social value assessments were included within the Framework evaluations. It is understood these will have a positive impact on local wellbeing and prosperity. A method statement will be required for proposals from the supplier.
Creating a compassionate Council	Improving the thermal efficiency of our Council homes improves comfort and reduces damp and mould. These energy efficiency measures will tackle our least energy efficient properties and reduce the impact of fuel poverty.
Doing things with local residents, not to them	The contract will stipulate high standards of resident communication throughout the works process including comprehensive handovers to explain new technologies.
Being ruthlessly financially efficient	<p>Works</p> <p>The capital investment for tackling poor energy efficient homes is a national challenge when dealing with an ageing stock. It is vital that the Council maximises grant funding to help contribute to improving its stock.</p> <p>Professional Services</p> <p>The direct award to the Preferred Supplier (Professional Services) for the professional services element of the requirement via the Consultancy Framework is awarded based on the lowest price supplier on the framework.</p>

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Taking pride in H&F	It is important that the Council provides tenants with homes to be proud of and that work towards reducing the impact of fuel poverty.
Rising to the challenge of the climate and ecological emergency	Works specified herein will include the latest specifications and current Building Regulations. The works will be a fabric first approach to insulate properties and, where the site specifics allow install renewable heating and solar technologies.

Financial Impact

The estimated cost of works and the funding breakdown is referenced in appendix 1 of this report.

Based on the nature of the works and a per property grant cap, a portion of the total cost is expected to be funded from the Warm Homes: Social Housing Fund (WH:SHF) Wave 3 grant. The release of grant funding will be subject to the submission of claims by the Repairs division, and subsequent approval of the claims by the grant funding body, the Department for Energy Security and Net Zero (DESNZ). The remaining cost of the works will be funded from existing approved climate emergency works budgets, of which a portion will be brought forward from 2026/27 to 2025/26. The reprofiling of climate emergency works budgets will be reported in the Q1 2025/26 Capital Programme Monitor for Cabinet approval.

As per the grant terms and conditions, the service should aim to spend around one third of their grant in each financial year from financial year 2025/26 to financial year 2027/28. All grant funding for WH:SHF Wave 3 projects must be transferred to the Grant Recipient and spent by 31st March 2028. The scheme is expected to commence in the 2025/26 financial year and complete in the 2027/28 financial year, and therefore the period of works is compliant with the agreed grant funding period. The Repairs division has confirmed that the spend will be eligible for funding from the WH:SHF Wave 3 grant, which will mitigate the risk of grant clawback.

Finance officers will work with the Capital Delivery team, Repairs team and Asset Management team in monitoring spend within the agreed budget envelope and in profiling the spend on works across the Asset Management Programme that are proposed to be funded by the WH:SHF Wave 3 grant.

Completed by: Anjeli Chadha, Principal Accountant – Housing Capital, 1st July 2025

Verified by: James Newman, AD Finance, 25 September 2025

Legal Implications

The Council is empowered to take steps to improve the thermal efficiency of its housing as part of its duties as a landlord under the Landlord and Tenant Act 1985 and as a local housing authority under the Housing Act 1985.

The estimated value of these works mean that they must be procured in accordance with the provisions of the Procurement Act 2023. The use of a compliant framework is a compliant method of procurement under the Act. The Council is entitled to call-off contracts under the Framework. Under this Framework it is permissible to make a direct award where the procurement involves certain requirements that are of particular importance to a member (i.e., to the procuring authority).

For this procurement there are important reasons why it is important to appoint the Preferred Supplier (Works), set out in appendix 1.

The Council is also obliged to have regard to the national procurement policy statement made under s13 of the Procurement Act. This procurement accords with the guidance given in that statement.

This will be a high value contract under the Council's Contract Standing Orders (CSOs). The use of a suitable third-party framework in accordance with its terms is a compliant method of procuring a contract of this value. The requirements of the CSOs will therefore be complied with.

The appointment of the principal designer is below the threshold for the Procurement Act to apply and is a low value contract under the Council's CSOs. The Hammersmith and Fulham Consultancy Framework was advertised and procured in accordance with the procurement regulations applying at that time and the use of this framework is a compliant method of procurement of a contract of this value.

This is a key decision and must be included in the key decision list on the Council's website.

John Sharland, Special Projects Lawyer, 20th May 2025

Procurement Comments

Based on the details provided in this report, CSO 8.1. of the Council's CSOs has been complied with for the professional services contract and CSO 19.4. of the Council's CSOs has been complied with for the works contract.

The Procurement and Commercial team have confirmed all Conflict of Interest and Confidentiality Undertaking Declarations have been completed.

The Framework proposed for use to award the works element of the requirement has been subject to full diligence checks by the Procurement and Commercial team.

A Contract Award Notice must be published for the works element of the requirement to satisfy the requirements of the Public Contracts Regulations 2015 for contracts

equal to and over £30,000 (including VAT). This must be completed using the Council's capitalEsourcing eProcurement portal.

Both contracts must be added to the capitalEsourcing eProcurement portal, to ensure they are published on the Council's Contract Register in line with the legislated transparency obligations, and all applicable legal notices must be published within their legislated deadlines.

A named contract manager must be allocated to the contract on the Council's capitalEsourcing eProcurement portal.

Chris Everett, Category Lead – Procurement and Commercial, 20th June 2025

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Background

1. The Council is part of the London Council's Strategic Partnership (The Partnership) which includes 26 London boroughs and housing association's coming together with Camden Council being the lead member. The Partnership has secured funding of £77.9m from the Social Housing Wave 3 (Warm Homes fund) with £4.7m being allocated to deliver energy improvement measures to 516 Council properties within the London Borough of Hammersmith and Fulham (LBHF).
2. The Council's Housing Capital Delivery Team is already delivering 211 properties and a separate procurement for a suitably qualified and experienced supplier is in progress. This report deals with the delivery of the remaining 305 properties by the Council's Housing Repairs Service.
3. Currently there are circa 5,056 of our 17,089 tenanted and leasehold properties with an Energy Performance Certificate (EPC) of D or below. The grant funding is aimed at tackling properties with an EPC rating of D or below.
4. The Government's Warm Homes fund objectives are:
 - a. Deliver warm, energy efficient homes;
 - b. Reduce carbon emissions;
 - c. Tackle fuel poverty;
 - d. Support green jobs;
 - e. Develop the retrofit sector; and
 - f. Improve the comfort, health and well-being of social housing tenants.

5. The Council needs to meet the following requirements for grant funds to be released:
 - a. Works must follow the Public Available Specification (PAS) 2035:2023;
 - b. Bring properties up to an EPC rating of C or above;
 - c. Grant funding profile should be 33% per year over the 3 years and capital match funding must be a minimum of 10% per year and a maximum of 50% in year 3; and
 - d. Funding to be spent over 3 years and all grant monies to be completed by March 2028 with capital match funding by September 2028.
6. As part of the grant bid the Council has proposed to target street properties with a mixture of architectural types which have the lowest EPC rating, highest demand for decent home investment and fuel poverty.
7. The Partnership has also committed to strategic aims of improving commercial management, resident engagement, low carbon heating and growing the market for retrofit.

Reasons for Decision

8. To deliver Warm Homes fund to 305 Council's housing properties and meet the grant funding requirements to improve energy efficiency.

Contract Specifications Summary

9. See table below for a description of the works or services being procured:

Contract	Contract Value	Description of Works and/or Services
Preferred Supplier (Works)	See Appendix 1	Energy Efficiency and Retrofit Works/Services <ul style="list-style-type: none"> • Insulation to lofts, cavities and flat roofs; • External and internal wall insulation; • Double glazed windows and secondary glazing; • Doors; • Ventilation; • Solar Photovoltaic (including battery storage); • High retention electric storage heaters; and • Air source heat pumps
Preferred Supplier (Professional Services) Direct Award Hammersmith and Fulham Consultancy	See Appendix 1	The scope of works will be to act as Principal Designer at pre-construction phase including up to Contract mobilisation. <ul style="list-style-type: none"> • Advise Council on its obligations under the CDM regulations; and • Review health and safety construction phase plans

Contract	Contract Value	Description of Works and/or Services
Framework Lot 1 – Multidisciplinary Services		

Procurement Route Analysis of Options

10. Do nothing (business as usual) – Not recommended

This option is not recommended as the Council cannot address the matters with its current suppliers due to either having reached the contract value or works were not in the original procurements.

11. Deliver the supplies, services, and/or works in-house (make/buy decision) – Not recommended

The Council does not have the capacity, or skill sets in-house to deliver these works, so to fulfil our obligations, we need to procure the works, to be delivered by an external supplier.

12. Undertake a full regulated competitive and compliant procurement process, advertised to the market – Not recommended

It is recognised that a full regulated procurement process, advertised to the market would attract the widest competition and achieve value for money for the Council. The disadvantage to this approach for the energy efficiency improvement works, is the time it takes to procure. Competitive procurement can take between 10 and 16 months, which is not a timeframe we have available to us on this occasion, so an alternative compliant route to procure needs to be used.

13. Procure using a suitable and compliant framework or Dynamic Purchasing System (DPS) – Recommended

Similar to the full regulated procurement process, advertised to the market, the timescales associated with running a successful mini competition for these works are estimated between 6 and 12 months to complete, which is a not a timeframe we have available to us on this occasion. It is for this reason that a compliant direct award from a suitable and compliant framework is proposed to be the best option for the Council and its tenants.

14. In this instance, the Housing Repairs service urgently requires an accredited and competent supplier to survey and commence works in accordance with strict guideline set out in the grant. The first three options, as well as the mini competition have been precluded on the basis of the best course of action for our tenants and residents, and the time limitations in which we are operating to award the grant monies.

15. The preferred option therefore is to award from a suitable, compliant framework.

16. The Framework commenced on Monday, 20 September 2021 and expires on Monday, 29 September 2025. A contract award notice (2021/S 000-003436)

was published on Find a Tender, and the evaluation criteria for the successful suppliers was based on an evaluation of quality (30%) and price (70%). This framework allows the provision for a direct award to the top ranked supplier, providing the requirement is within the scope of the Framework. In exceptional cases, the Council are able to direct award outside of number 1 with a strong justification. Further details to support this section are included in appendix 1.

17. Direct award outside of any framework is not being recommended as it would not meet the requirements of the Council's CSOs or the Procurement Act 2023.

Market Analysis and Engagement

18. During May and June 2025, officers have undertaken analysis of the market through attending training events, networking events, and visits to projects where retrofit works are on site and being delivered. The analysis and key points are detailed below which allows us to mitigate:
 - a. Access issues during initial surveys and installations;
 - b. Communications;
 - c. Educating tenants on use and recording data remotely to ensure that the installations are maximising efficiency;
 - d. Locking in supply chains and ensuring steady flow of work to avoid peaks and troughs;
 - e. Associated enabling works and the impact on completing installs to properties;
 - f. Documentation and compliance control; and
 - g. Defects period and handover to maintenance teams.
19. Information received through this analysis has informed the importance of ongoing product support for the life of the asset is key and this will be incorporated within the specification.

Conflicts of Interest

20. All officers and decision makers, including elected members (where appropriate), have been required to complete a Conflict of Interest Declaration form to record any actual, potential, and/or perceived conflicts, along with appropriate mitigations (as appropriate), on the Conflicts Assessment.
21. Approval of, by way of signing, this Procurement Strategy by the elected member constitutes their declaration that they do not have any actual, potential, and/or perceived conflicts, relevant to this procurement, except where a specific Conflict of Interest Declaration form has been completed and provided, advising differently.
22. The Conflicts Assessment will be kept under review and updated throughout the life of the project (from project inception to contract termination).

Lot Considerations

23. The contract is not being split into lots, as the procurement is proposed to be undertaken using an established framework, and the appropriate framework lot has been selected.

People Based Considerations

24. The Transfer of Undertakings (Protection of Employment) Regulation 2006 (UKSI 2006/246) (TUPE) is not applicable to this contract.

Risk Assessment and Proposed Mitigations

25. Initially, 6 void properties will receive energy efficiency measures and will act as show homes for residents to view and understand the works being programmed. These pilots will be undertaken to ensure the Preferred Supplier (Works) can deliver the works and achieve the expected outcomes. The Housing Repairs team will check the quality of work during the programme and upon completion. A formal handover will be undertaken jointly and the full scope of works measured. No payment will be made until works are signed off by the council as having been satisfactorily completed.
26. The volume of work given to the supplier is controllable, as the contract will include a clause which stipulates that there is no commitment to provide any specific work volume. The level of work the supplier ultimately receives will be determined by the quality of their workmanship and service, up to the contract value limit. The volume of work can be controlled so that it does not overwhelm the special management processes put in place to manage this contract.
27. The Council's current JCT contracts allow us to cancel orders subject to payment of the work already undertaken, and we will enact this process where necessary.

Contract Duration Considerations

28. The Contract will run for a maximum of 3 (three) years.

Timetable

29. The estimated procurement timetable is included below:

Activity	Date
Key Decision Entry (Strategy and Award)	17 July 2025
Contracts Assurance Board (Strategy and Award)	23 July 2025
Cabinet Member Sign-Off (Strategy and Award)	20 August 2025
Contract Start Date	1 October 2025

Selection and Award Criteria

30. Selection and award criteria are not applicable to a compliant direct award process using a framework; however, the Preferred Supplier (Works) has been subject to selection and award criteria at the time the Framework was established, and any contract will be awarded in line with the Framework terms and conditions.
31. Price mechanisms are described in the table below.

Contract	Pricing Mechanism
Preferred Supplier (Works)	Framework Schedule of Rates
Preferred Supplier (Professional Services)	Framework Rates

32. Indexation using the Consumer Prices Index (CPI) will be applicable after the first anniversary of the contract and will be applicable to all schedule of rates.

Contract Management

33. The Housing Repairs team will manage this contract with the Head of Operations for Housing Repairs being the dedicated Contract Manager.
34. Joint pre inspection surveys will be undertaken with the Council and the Preferred Supplier (Works) to ensure residents are fully communicated with and set out specific start and completion dates. Residents will be informed of the installation process and areas of work including moving furniture and protecting these items.
35. The Council will undertake work in progress inspections throughout the install and on completion to ensure works are completed to satisfaction and that residents receive clear instruction on how systems work.
36. The standard of workmanship and service will be monitored and measured by the Housing Repairs team. The Preferred Supplier (Works) will be required to provide evidence of works undertaken, including before and after photographs. All works will be undertaken in accordance with specifications and manufacturer's instructions. The Housing Repairs team will allocate a dedicated manager resource to the contract.
37. The Housing Repairs team will also request independent audit on performance of the Preferred Supplier (Works) as part of the annual review of the contract.
38. There will be monthly performance meetings in which Key Performance Indicators (KPIs) will be reviewed. KPIs are likely to include, but not be limited to:
- a. Surveys completed on time;

- b. Works completed on time and to programme;
 - c. Timescales to submit all information; and
 - d. Post inspection quality assurance outcomes.
39. The Preferred Supplier (Works) will complete a social value matrix return to outline their social value commitments as part of this contract and submit a method statement on how this will be delivered.

Equality Implications

40. Specifications to individual properties will be in line with the Council's standard and have energy efficient measures so that no groups that share protected characteristics is negatively impacted. This contract will reduce fuel poverty and improve thermal comfort. Equality considerations will be incorporated in contract terms and conditions and monitored as part of the contract monitoring process.

Yvonne Okiyo, Strategic Lead for Equity Diversity and Inclusion, 19th May 2025

Risk Management Implications

41. There is an operational risk that the Preferred Supplier (Works) may be unable to deliver a quality delivery leading to associated people, reputational and potential legal risks.
42. Further risk management implications are included in appendix 1.
43. It is recommended that the engagement and delivery with the Preferred Supplier (Works) is closely reviewed through the KPIs.
44. It is also recommended that the delivery and performance of the Preferred Supplier (Works) is assessed at a residential level through independent review during and following any engagement with customers.

Jules Binney, Risk and Assurance Manager, 17th June 2025

Climate and Ecological Emergency Implications

45. The Preferred Supplier (Works) is already signed up to the Council's supplier Low Carbon charter and will adhere to these commitments. They additionally have a strong sustainability strategy with their own target to reach carbon net zero by 2030 and will bring their strategies and policies around to this contract, in particular responsible sourcing of materials through their supply chain, and use of electric vehicles where possible.
46. The works delivered through this contract will tackle street properties with the lowest EPC rating on a fabric first approach. Heating renewables will be

installed as part of the overall property strategy that was part of the grant funding bid.

47. The Preferred Supplier (Works) is also accredited for insulation, thermal improvements, heating renewables and windows for PAS2035:2023

Hinesh Mehta, Assistant Director of Climate Change 20th May 2025

ICT Implications

48. The Preferred Supplier (Works) already have access to the Council's Housing Management Software system, provided by NEC Software Solutions UK Ltd. (the "NEC System"), for processing orders, variations, and payments. A new work programme will be set up specific for this contract to ensure our asset data is updated and to record all works, variations and payments. All works will be issued via the NEC System for transparency and auditability.
49. The work programme will be set up as part of the mobilisation.
50. The Preferred Supplier (Works) will be expected to have a Data Protection policy in place and staff will be expected to have received Data Protection training. The service will need to complete a Data Privacy Impact Assessment.
51. The contract documents will need to include the Council's data protection and processing schedule. This is compliant with the UK Data Protection law.
52. The Council's approved cyber security clauses must be incorporated into all new and renewed contracts regardless of value, or framework. Legal advice should be sought on how to incorporate the cyber security clauses into agreements which do not use our Council contract templates.

Cinar Altun, Strategy Lead – Digital Services 18th June 2025

Local Economy and Social/Added Value

53. The report indicates that Social Value formed part of the Framework assessments and that a method statement will be sought prior to contract commencement.
54. It is recommended that the commissioner and Social Value Officer work with the suppliers to tailor these method statements to the local area and needs as much as possible, within the scope of the framework conditions.
55. It is recommended that the commissioner works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to remedies if social value commitments are not delivered.

Harry Buck, Social Value Officer (Procurement), 20th May 2025

Consultation

56. No consultation has been undertaken.

LIST OF APPENDICES

Appendix 1 (Exempt) – Contract Award Details