

MINUTES OF MEETING CABINET HELD ON 17 JANUARY 2023, 6.30PM-7.20PM

PRESENT:

Councillors: Peray Ahmet (Chair), Mike Hakata, Zena Brabazon, Dana Carlin, Seema Chandwani, Lucia das Neves, Ruth Gordon and Adam Jogee

ALSO ATTENDING ONLINE: Councillor Scott Emery

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and attendees noted this information.

2. APOLOGIES

Apologies for absence were received from Councillors Davies and Williams.

3. URGENT BUSINESS

There were no items of urgent business.

4. DECLARATIONS OF INTEREST

Councillor Chandwani declared a personal interest in respect of agenda item 10 – Council House Energy Action Plan – as she was a Haringey Leaseholder. It was advised that as the decision would apply to Council owned properties, Councillor Chandwani was permitted to remain in the meeting and take part in the decision-making for the item.

5. NOTICE OF INTENTION TO CONDUCT BUSINESS IN PRIVATE, ANY REPRESENTATIONS RECEIVED AND THE RESPONSE TO ANY SUCH REPRESENTATIONS

There were no representations received in respect of the exempt items.

6. MINUTES

RESOLVED

To confirm and sign the minutes of the meeting held on 6 December 2022 as a correct record.

7. DEPUTATIONS/PETITIONS/QUESTIONS

None received.

8. MATTERS REFERRED TO CABINET BY THE OVERVIEW AND SCRUTINY COMMITTEE

None received.

9. ADOPTION OF THE CORPORATE DELIVERY PLAN

The Leader introduced the report which set out Haringey Council's Corporate Delivery Plan for 2022-24. The delivery plan included information on the outcomes that the Council were working towards as an organisation, the activity planned to deliver the outcomes, and how the Council would work to deliver it. The Corporate Delivery Plan would act as a replacement for the previous Borough Plan.

In response to questions from Councillors Carlin and Emery, the following information was provided:

- A detailed plan for reporting was being developed. High level elements would be reflected in detailed service delivery plans, and all metrics and Key Performance Indicators would be published and transparent.
- There was a programme in place to deliver 3000 Council Homes. A large number of sites had been identified as suitable, many with planning permission, and a significant number of schemes had started on site. The Leader was confident that plans were in place to achieve the target.
- A review of the complaints process was to be carried out and the aim was to ensure that residents receive better quality responses to their queries.

RESOLVED to

1. To agree the Corporate Delivery Plan for 2022-2024 as attached at Appendix 1.

Reason for decision

The council's current Borough Plan 2019-2023 runs until January 2023. Since it was approved the global Covid pandemic and cost of living crisis have significantly changed the context in which the council undertakes its work.

The council's new administration was elected in May of this year on a clear policy agenda and detailed set of manifesto commitments. These need to be reflected in a new set of delivery plans, alongside ongoing corporate priorities.

The role of this Corporate Delivery Plan 2022-24 is to set out what we will deliver and the outcomes we hope to achieve. It is intended to articulate what we have chosen to prioritise and invest time and resource in; and therefore focuses on 'discretionary' activity rather than the delivery of our core, statutory functions.

The corporate delivery plan will act as a replacement for the Borough Plan for the length of time that it applies, setting out the council's priorities and the change it is seeking to achieve.

Alternative options considered

There are a number of alternative options, including:

- Extend the governance period of the existing Borough Plan;
- Do not publish delivery plans; and/or
- Develop a new Borough Plan.

It is not considered feasible to pursue option A, as the existing Borough Plan does not reflect the context in which the council is operating, following the pandemic and the cost-of-living crisis.

It is not considered feasible to pursue option B, as this would mean that the organisation would not have a single articulation of the outcomes it is working towards, including to reflect the new administration's manifesto.

It is not considered feasible to pursue option C, as the organisation needs a document which articulates its priorities and delivery plans to guide our immediate operations. As set out in the Plan, we committed to working in a new way – under the Haringey Deal. This will inform our longer term strategic goals but because we wish to co-design our approach with residents it cannot be developed within the timescale necessary to replace the current Borough Plan.

10. COUNCIL HOUSE ENERGY ACTION PLAN

The Cabinet Member for Housing Services, Private Renters and Planning introduced the report which set out the Council's Housing Energy Action Plan for its housing stock and how energy efficiency retrofits would be implemented across the Council's housing portfolio.

Councillor Hakata added that this was one of the most ambitious programmes, and the financial pledge from the Council underlined the commitment to Climate Change. There would be a number of benefits arising from the programme – improvements to air quality in homes and investment in the local supply chain.

In response to questions from Councillor Emery, the following information was provided:

- There were some properties on the Coldfall Estate not included in the plan because they had already been assessed as meeting a high EPC rating.
- Programme leads were working with Housing Services to ensure that a similar service would be made available to leaseholders. The Council offered a number of schemes for leaseholders to help pay for the works required.

RESOLVED to

1. Approve the policy, management, and design approach of retrofitting the Council's housing stock as set out in this report and the Housing Energy Action Plan attached (Appendix A).

2. Agree the prioritisation criteria for retrofitting the council housing as set out in section 6.3 of this report.
3. Agree that following a draft retrofitting design and identification of funding to deliver the necessary measures the Council will undertake consultation with those affected to secure community views on the measures proposed in properties that have been identified as appropriate for a retrofit. This consultation will be carried out in line with the approach set out in the Housing Energy Action Plan and will be concluded before designs are finalised.
4. Agree that the outcome of the consultation be reported to the Director of Placemaking and Housing to authorise finalised designs in consultation with the Cabinet Member for Housing Services, Private Renters and Planning.
5. Agree to delegate authority to the Director of Placemaking and Housing after consultation with the Cabinet Member for Housing Services, Private Renters and Planning, the Director of Finance and the Head of Legal and Governance, to accept funding and enter into funding agreement(s) that will support the delivery of the works identified within the Housing Energy Action Plan, from external sources such as the SHDF in the event that any future bid is successful.
6. Agree that subject to agreement of the above stages (3.1 through to 3.5) the first batch of properties to be retrofitted will be selected from the properties listed in Section 6.6.8 of this report.

Reasons for decision

The Haringey Climate Change Action Plan sets a target for the Council's Housing stock to be an average EPC rating of B by 2035 and EPC A, where technically feasible, by 2041. Nearly all the existing Council housing stock will require some form of retrofit to meet these targets. Adopting this 5-year Action Plan will ensure that the retrofit targets are met in a cost-effective manner, while minimising technical risk, improving comfort levels and protecting tenants from increasing energy prices.

Retrofitting the Council's housing stock requires significant investment. The Action Plan will set a clear plan of the measures and costs, this will enable the Council to confidently bid for external funding. Securing Government funding, such as from the £800m Social Housing Decarbonisation Fund (SHDF), will reduce the ask on the Council's capital HRA budget.

The increasing cost of energy is significantly impacting on our tenants. It is estimated one in four of the borough's homes is in fuel poverty. The approach set out in this report and appendices will support tenants with these costs.

Alternative options considered

Do nothing

This was rejected as it would not meet the Council's targets set in Haringey's Climate Change Action Plan. It may also result in ad-hoc retrofits being undertaken which do not meet the targets or are not cost effective.

Adopt a 10-year retrofit plan

The retrofit sector is evolving. New technologies may emerge, and the cost of installations may reduce as the market responds to the net zero agenda. It is recommended that a 5-year plan is adopted with the view to learn and adapt the Council's approach at the end of the period.

Delay and wait for a clear technical roadmap

The Council could wait for a national regulatory framework or for other local authorities to determine the best approach before commencing its retrofit programme. However, the Council has declared a Climate Emergency, and this would jeopardise meeting the Haringey Climate Change Action Plan commitments and tenants would continue to face rising energy prices and/or fuel poverty. Opportunities to reduce costs by factoring in energy efficiency measures when carrying out planned maintenance, such as boiler or window replacements, would also be lost.

Consult on the Action Plan with the wider community

The Council has already published and consulted on its Affordable Energy Strategy (adopted July 2020), and the Borough's Climate Change Action Plan (adopted March 2021). Further consultation is unlikely to add any more detail to the measures proposed. Any delay in implementation of the Council Housing Energy Action Plan would not reflect the need for action which is required to respond to the cost-of-living crisis.

11. EXTENSION TO HARINGEY'S STREET LIGHTING WORKS CONTRACT

The Cabinet Member for Tackling Inequality and Resident Services introduced the report which requested approval to extend the street lighting maintenance contract for a further two years to 30 September 2025, and to the revised project spend of £8m. The contract was originally awarded to Marlborough Highways Ltd on 1 October 2019 for a minimum of 4 years (with the options to extend for 2 + 2 years).

In response to questions from Councillor Emery, the following information was provided:

- The Council were pleased with the performance received from the contractors.
- The Council had responsibility for maintaining the light columns and bulbs. However, any issues with the electricity supply was the responsibility of UK Power Networks and so was subject to their response times.

RESOLVED to

1. Approve the extension of the existing contract awarded to Marlborough Highways Ltd for the maintenance of the Council's street lighting assets for a period of a further 2 years from 1 October 2023 to 30 September 2025.

2. Approve an increase in total expenditure through the contract from £12m to £20m, with the significant investment in LED street lighting being the main driver of increased spending through the contract.

Reasons for decision

The decision is required to allow the Highways and Parking Service to continue to commission street lighting services.

Alternative options considered

The Council could consider retendering the contract to test the market. However, besides the significant cost of the procurement exercise, there might be limited value in such an option having regard to the following factors:

- Potential disruption to the current benefit of delivery of both street lighting and highway works contracts through a single contractor operating from the same depot within the borough.
- Relative competitiveness of the initial tender – tender evaluations revealed that overall, in a combination of price and quality, the successful contractor achieved an overall margin of 4% over the nearest competitor. In terms of pricing, the contract secured a price margin of 7.5%.
- Current uncertainties within the market (due to inflationary costs and material supply problems) would lead to contractors perceiving greater risks when tendering. This would likely to be reflected in inflated prices received in any new tendering round.

12. BRUCE GROVE PUBLIC CONVENIENCES REFURBISHMENT WORKS

The Cabinet Member for Council Housebuilding, Placemaking and Development introduced the report which requested approval to increase the Contract Award to Lilstone Limited (no.1) of £1,027,414.08, by £473,934.00 to a maximum of £1,501,400, in order to continue the refurbishment of the Grade II listed former public convenience and transform it into a new café with a social value operator, and remove it from Historic England's 'Heritage at Risk' Register.

Councillor Jogee welcomed the proposal and noted the opportunity for creating local jobs.

In response to questions from Councillor Emery, the following information was provided:

- Re-tendering the contract was not a consideration, as there had not been any issues with the performance of the existing contractors. To re-tender the contract would cost more money and cause further delays.
- The additional costs had occurred as a result of the delays in obtaining National Rail approval, along with unforeseen and unforeseeable heritage repairs.

RESOLVED

1. To approve a further variation (no. 2), to increase the Contract Award to Lilstone Limited (no.1) of £1,027,414.08, by £473,934.00 to a maximum of £1,501,400.

Reasons for decision

During the construction works, the project has suffered significant delays attributed to the delay in receiving NR technical approvals, unforeseen and unforeseeable heritage repairs, and sequencing of works. This variation Report seeks approval to vary the contract award made by Cabinet on 18th January 2022, which in itself was, a variation to the original contract awarded in July 2021.

At the end of March 2022 NR advised that the technical approval process for NR had changed. At the same time, officers were made aware that due to the minor design changes to the accommodate the new building extension within our title boundary a new full technical approvals application would be needed.

The delays with obtaining the NR technical approvals have impacted on the construction programme. The contractor has not been able to commence with the demolition or piling works, which are critical path items, as these are located on the boundary line with NR.

Whilst there have been some movement recently from NR to allow some works to progress with certain elements of work to reduce the impact on the programme, due to the ongoing delays with approvals, the works have reached a critical stage in the project resulting the contractor advising in August 2022 that they had run out of work which could be completed on site.

Due to the nature of the building and dereliction over a number of years, elements of unforeseeable heritage repairs to preserve the Grade II Listed status of the Pavilion Building have been uncovered. Listed Building Consent was also required for these repairs, which has contributed to the delay.

Alternative Options Considered

Option 1: Continue with the refurbishment works

Continue with the refurbishment works whilst the NR and Listed Building Consents are gained; this option was discounted as it would have allowed the contractor to maintain a site presence and charge full preliminary costs whilst they waited for NR approvals and listed building consents to be granted. In addition, the contractor advised on 25th August 2022 that no further works could be completed on site until NR approvals and listed building consent are received.

Option 2: Temporarily suspend the works

Temporarily suspend the works, decant site and wait for the NR and planning approvals to be gained. This option reduces the preliminary costs charged by the contractor; whilst maintaining the site compound and storage.

Option 3: Contractor to demobilise & remobilise the site entirely

This option involves the contractor decanting the site with removal of the site compound until the relevant NR & Listed Building Consents are in place. With this option preliminary costs will not apply. However, costs for decanting and remobilising will apply. The risk with this option is that the contractor may not be able to reallocate labour or subcontractors to the project. In addition, allowing for current cost increases in the market place the contractor may want to revisit their construction costs before restarting with the works.

Option 4: Do nothing

To stop the refurbishment works due to cost overruns. As BGPC is a Grade II Listed the council has an obligation to preserve the condition of the building and keep it in good repair. Stopping the refurbishment works now would result in further deterioration of the building fabric where elements cannot be refurbished and require replacement. This will also impact on the Grade II Listing of the building as original heritage elements would be lost. The impact with this option will likely result in grant funding being lost if not spent.

It has been assessed that option 2 offers the Council best value for money.

13. DECENTRALISED ENERGY NETWORK PROGRAMME DECISION TO START DESIGN AND BUILD (D&B) PROCUREMENT - NON KEY

RESOLVED to

1. Agree to commence the Design and Build (D&B) procurement for the Council's Decentralised Energy Network (DEN) Programme in accordance with the Utilities Contract Regulations (UCRs) utilising Negotiation with Prior Call for Competition as permitted under UCR 47.
2. Agree the procurement strategy set out in section 7 of the report.

Reasons for decision

Procurement of the DEN infrastructure must start in early 2023 in order to deliver the FBC by late 2023 and to support the Council to fulfil obligations in the Development Agreement at High Road West.

A full range of options has been considered and the proposed strategy will deliver best value to the Council.

Alternative options considered

Note a glossary is provided in Section 10 of the report to explain some terminology

Do nothing

If procurement is not commenced, the costs and contract terms for building DEN infrastructure would not be known and the Council will not be able to deliver the FBC

for the DEN programme which in turn would not deliver the government requirements of the Heat Networks Investment Project (HNIP) funding.

This option has not been considered further.

See also further information on the Do nothing option in paragraph 5.1.1 of the Exempt Report,

Seek Third Party Investors

It is possible to run a procurement to select a third party investor who will then deliver the project directly (including procuring the infrastructure) or to simultaneously seek to find a third party investor as a partner while procuring the infrastructure (with this second route, the pool of investors is limited to those bidding for the works).

The OBCs for the various projects have considered the potential for 3rd party investors in the Haringey DEN projects. The projects are large, complex, at an advanced stage and the Council does not have control over significant parts of the projects. This makes it difficult to find a third party investor under either of the routes summarised above. Even if it were possible to attract third parties to invest in Haringey's DEN projects, there are two principal reasons why this has been discounted. Firstly, there is a preference for the future provider created by the project to be publicly owned which suggests first seeking a partner and then procuring the infrastructure (rather than seeking an investor at the same time as procuring the assets). Secondly, the three opportunities are all time-limited and there is insufficient time for the Council to select a project partner and to then deliver the projects.

It is important to note two things. Firstly, that any effort to seek a third party investor will be time and resource intensive. Seeking to do this while also trying to get the projects off the ground is not recommended. Secondly, there is nothing preventing the Council from seeking investors in the projects at a later date.

This option has not been considered further.

Contract Aggregation Options

Given the above, it will be the Council procuring the infrastructure. The options for aggregating the different aspects of the project are discussed below.

- Seek a turnkey Design, Build, Operate and Maintain Contract

One way of procuring infrastructure which helps to transfer performance risk is to combine the Design and Build contract with a long-term Operation and Maintenance contract into a single design, build, operate and maintain (DBOM) contract.

This option has been considered and discarded. The reason for ruling out this option is that the scale of the project is too large for the nascent district heating market in the UK. There is likely only a single contractor capable of bidding for such a contract and so there will be no commercial tension in the procurement (assuming the aforementioned bidder chose to bid).

Officers have run Soft Market Testing which supported the above conclusion. The Soft Market Testing also sought to attract companies from outside the UK to bid (working

in partnership with those responsible for market development in the Government Departments for International Trade and for Business, Energy and Industrial Strategy) but no international interest has been forthcoming.

Therefore this option has not been considered further.

- **Seek to break the procurement into smaller Lots of Design, Build, Operate and Maintain Contracts**

This option has been considered and discarded. The reason for elimination is because this would fragment the future Operation and Maintenance (O&M).

A single O&M contactor across the network simplifies interfaces, but the scale of a single O&M contract also leads to economies and allows for greater risk transfer to the contractor as it is set against a bigger opportunity.

A single O&M contract is therefore considered to give a better result and will need to be procured separately (and indeed this procurement is already in train by the Council).

The DBOM option (either turnkey or multiple smaller contracts) has therefore not been considered further.

- **Seek a turnkey Design and Build (D&B) Contract**

Although it is not feasible to run an effective procurement for a turnkey DBOM contract, the mechanism explained in paragraphs 6.9-6.11 shows how D&B and O&M can be separated out in a way which achieves many of the benefits of a DBOM procurement and mitigates the downside of having to procure O&M and D&B separately (due to the lack of an effective market for DBOM for projects of this scale).

Given the Council will have an O&M contractor in place to oversee the construction of assets to the requisite standard, ideally the D&B would then be a single turnkey contract to allow the Council to transfer design risk and minimise the number of contractual interfaces.

This option was considered. However, similar issues apply as for DBOM in that there is only a single UK contractor capable of delivering a D&B contract of this scale.

Therefore a turnkey D&B contract has not been considered further.

- **Seek separate contracts for designing the entire system and building the entire system**

While there would be multiple organisations capable of delivering the design of the entire system, there would only likely be one capable of delivering the entire build too, meaning that the procurement of the works would need to be broken up in order to create competitive tension.

If there are going to be multiple works packages, there are arguably benefits to separating out the design from the build and appointing a single designer across all works packages to help ensure compatibility between multiple works packages.

However, the downside of this is it means the Council has to accept design risk and also further increases the number of contractual interfaces complicating the project and increasing risk.

While a single design package was considered, it has been rejected as the alternative design review/oversight mechanism from the O&M contract (explained in paragraphs 6.9-6.11) is seen as an effective way of mitigating the risk from breaking up the works into smaller packages by ensuring the design is coordinated across the scheme and counters the need for the Council to take on the design coordination role directly.

Therefore separate contracts for design and construction have not been considered further.

- Options to Use Existing Frameworks

A simple route to comply with the public procurement is to make use of a pre-procured framework should a suitable framework exist.

Officers have conducted a review of suitable frameworks (including e.g. Haringey's London Construction Programme, LCP, framework) and concluded that there are no suitable frameworks. This is because of the nature of the works (particularly buried pipes which do not easily fit within the LCP categories) and the expectation that the bidding organisations will be dominated by specialist SMEs.

Therefore it is recommended that a bespoke procurement be run.

14. MINUTES OF OTHER BODIES

RESOLVED

To note the minutes of other bodies.

15. SIGNIFICANT AND DELEGATED ACTIONS

None to note.

16. NEW ITEMS OF URGENT BUSINESS

There were no items of urgent business.

17. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting for the consideration of agenda items 18 and 19 as they contain exempt information as defined in Section 100a of the Local Government Act 1972: Paragraph 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information); and Paragraph 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

18. DECENTRALISED ENERGY NETWORK PROGRAMME DECISION TO START DESIGN AND BUILD (D&B) PROCUREMENT - NON KEY - EXEMPT

The information in the exempt appendix was noted.

19. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were no items of exempt urgent business.

CHAIR: Councillor Peray Ahmet

Signed by Chair

Date