

Report for: Cabinet July 2021

Title: Noel Park Pods Replacement and Major Works Project Phase 2
(Leasehold & Tenanted Blocks on Gladstone Avenue)

Report authorised by: David Joyce, Director of Housing, Regeneration and Planning

Lead Officer: Robbie Erbmann, Assistant Director of Housing

Ward(s) affected: Noel Park

Report for Key/
Non Key Decision: Key decision

1 Describe the issue under consideration

- 1.1 This report requests Cabinet approval for the award of a contract to Engie Regeneration Ltd “Engie”, to carry out external major works on Noel Park estate for phase 2.
- 1.2 The project is being let in two phases as there is a high-cost contribution from leaseholders and further time was needed to consider their representations in advance of the second phase of the contract being awarded. The contract for phase 1 was awarded to Engie and this was approved at the February 2021 Cabinet.
- 1.3 This report covers the award of the contract for Phase 2 of this project which includes 126 purpose-built dwellings on Gladstone Avenue. These include properties that are owned by leaseholders and dwellings that are occupied by both tenants and leaseholders. The award of this contract will bring the tenanted properties up to the Decent Homes Standard and, for all properties, replace dated pods with new modular extensions.
- 1.4 This report sets out a recommendation to approve a variation to the original contract award value of £16,342,419 to Engie, to the extended contract sum of £21,458,116, in accordance with Contract standing Order (CSO) 10.2.1 b) the total increase to the original award being £5,116,697 and to the award the Noel Park Phase 2 contract to Engie to the value £10,126,441 in accordance with CSO 9.07.1 d).
- 1.5 The report also requests Cabinet approval for the issue of a letter of intent to Engie, this will be for an amount up to, but not exceeding £1,012,644. This will enable detailed design work to be undertaken in advance of the contract being finalised.

2. Cabinet Member introduction

- 2.1 Haringey Council is committed to ensuring that all council homes are at or above the Decent Homes standard. We know that a safe, warm and secure home is the foundation stone of a healthy, happy life.
- 2.2 When they were first put in place, the “pods” which were added to the rear of hundreds of homes on the Noel Park estate marked a clear improvement in the quality of the residents’ homes. The pods have served their residents well. However, when they were installed, they had a lifecycle which has been exceeded and they now need to be replaced.
- 2.3 Council tenants and leaseholders living on the Noel Park estate have waited patiently for their homes to be brought up to a decent standard.
- 2.4 This report sets out the proposed works to bring these homes up to scratch. They include the replacement of the bathrooms, kitchens, windows and roofs. They also includes rewiring and safety works within the homes. The works will benefit all the residents living in the affected properties on the estate. The overall project will contribute to achieving the Borough Plan objectives for housing, by making the homes decent, improving safety, and increasing resident satisfaction.
- 2.5 I do want to, once again, apologise to leaseholders for the quality of communication and engagement on this project. Since I became Leader, I have worked closely with them to find a way forward – and this is reflected in the proposed offer to leaseholders in this paper.
- 2.6 This package of proposals strikes the right balance of fairness to leaseholders and fairness to our council tenants, whose rents ultimately fund the Housing Revenue Account. We have capped costs for a number of leaseholders, with no resident leaseholder having to pay more than £25,000 for their modular extension, and we will do the same for non-resident leaseholders who can demonstrate hardship. We are seeking to rebuild trust in the process, with funding in place for an independent surveyor to challenge the scope of works that the Council has identified. And finally, we are providing more certainty for leaseholders – making it clear that the Section 20 notices issued in May represent the upper limit of costs that any leaseholders may be required to pay.

3 Recommendations

- 3.1 For Cabinet to approve a variation of the original Contract to Engie Regeneration Ltd by increasing the value from £16,342,419 to £21,458,116. This is an increase of £5,116,697 to enable the completion of Phase 2 works in accordance with Contract Standing Order (CSO) 10.2.1 (b).
- 3.2 For Cabinet to note that of the original contract, £11,331,675 was approved for phase 1 by cabinet in January 2021.
- 3.3 For Cabinet to approve the award of contract for Phase 2 of the works on the Noel Park Estate to Engie Regeneration Ltd up to the value of £10,286,961, inclusive of fees (£160,520), for the replacement of bathroom pod extensions

in accordance with Contract Standing Order (CSO) 9.07.1 (d). This includes bathroom suites and associated works, renewal of kitchens, roof replacement and repairs, window and door replacement, rewiring, boiler replacement and central heating installation works, fire protection works, brickwork and concrete repairs and external decoration, where required and for works in leaseholder owned properties to be completed in line with work detailed in the section 20 notices.

- 3.4 For Cabinet to approve the issue of a letter of intent for an amount of up to, but not exceeding, £1,012,644. This represents 10% of the contract sum and will enable detailed design and planning work to be undertaken in advance of the contract being finalised.
- 3.5 For Cabinet to consider observations made by leaseholders in response to the Section 20 consultation with leaseholders regarding the scope of works and estimated charges, as set out in section 8.
- 3.6 For Cabinet to consider the results of consultation on the proposed offer to cap service charge payments as set out in section 9, to approve the proposed associated estimated expenditure as set out in the exempt report, and to note that Council officers will exercise discretion in reaching a final settlement where appropriate in individual cases.

4 Reasons for decision

- 4.1 The properties identified in Noel Park Pods Replacement and Major Works Project Phase 2 need their bathroom pod extensions replaced. This includes bathroom suites and associated works, renewal of kitchens, roof replacement and repairs, window and door replacement, rewiring, boiler replacement and central heating installation works, fire protection works, brickwork and concrete repairs and external decoration. This will enable the essential safety works to be completed for all properties and for the rented, Council owned properties to be brought up to the Decent Homes Standard in line with the Borough Plan objective 3.
- 4.2 Homes for Haringey requires Cabinet approval for the award of this contract which is deemed to represent value for money. This is following a tender process undertaken with Haringey Council's Procurement team via the London Construction Programme (LCP) Major Works (MW14) framework.
- 4.3 A compliant tender process was carried out in accordance with the framework terms and conditions which incorporate price and quality. The evaluation process was based on 60% quality and 40% price. The recommended contractor Engie Regeneration Ltd scored the highest in relation to these criteria in the associated Lot 3 (NH3) Housing. Lot 3 enables 8 contractors to review and submit tender proposals ensuring we have value for money across the marketplace.
- 4.4 At the first stage tender an estimate of £16.1m was submitted by Engie, following further surveys of the properties, adjustments had to be made to the

programme (see 7.15 for details). Following the final surveys carried out on site in June 2020 the final contract proposal was put forward at approx. £21.048m. The main increase was the recommendation to replace all the existing main roof coverings to the properties in Gladstone Avenue and the need to remove the AIB asbestos panels prior to lifting the existing pod structure over the property.

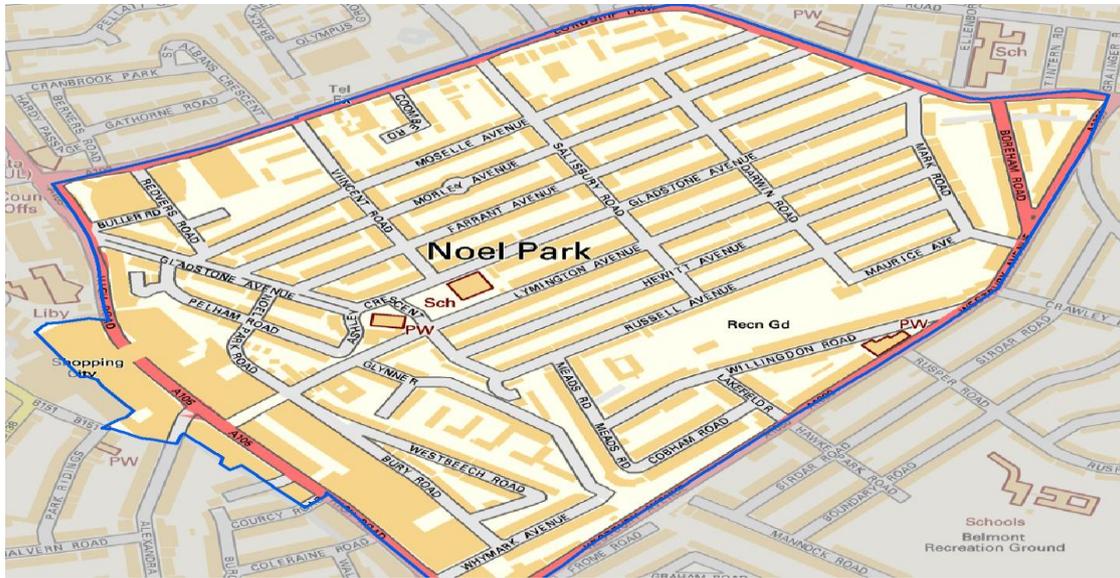
- 4.5 In response to representations by leaseholders about the significant scale of estimated service charges relating to this contract, officers have prepared proposals to cap charges as a basis for a settlement with leaseholders. The detailed rationale for making settlement offers to leaseholders are set out in section 9.

5. Alternative options considered

- 5.1 An alternative option would be for Homes for Haringey to use third party industry frameworks or a compliant tender process to deliver the construction works on the Noel Park Estate. Homes for Haringey sought support and advice from Haringey's Strategic Procurement team and determined the London Construction Programme (LCP) Major Works framework as being the optimum route to the market. This was due to the LCP framework being leasehold compliant, value for money and offering speed of access to quality-checked contractors.
- 5.2 The Council undertook an analysis in February 2020 to compare the costs of a permanent modular built extension against a traditional brick-built extension. This is the primary alternative to the use of a modular solution. It demonstrated that excluding decanting costs, it would cost an additional £7,308 per property to install a traditional brick-built extension as opposed to modular extensions. The choice of traditional brick-built construction would also increase the related costs for all properties as the decant period could be circa 3 months, due to the requirement to decommission the bathrooms. The cost of decanting tenants would be borne by the project. However, leaseholders would have to make their own arrangements and non-resident leaseholders may also incur loss of rental income as they would likely be required to vacate rented properties during the period of the works. In such circumstances leaseholders may claim against the landlord for their costs and loss of income. Decanting residents, while necessary in some cases, does also cause disruption to the lives of the residents, especially those with school age children.
- 5.3 The pods are now beyond the end of their useful life. If the Council does not undertake the proposed works, it will not be able to deliver the planned capital investment works to bring these properties up to the Decent Homes Standard, in accordance with the Asset Management Strategy 2020-25.
- 5.4 By committing to effective consultation with the affected leaseholders, this should enable the delivery of phase 2.
- 5.5 Phase 2 is to be delivered as an addition to phase 1. All mobilisation works undertaken during phase 1 will be utilised for the delivery of phase 2 preventing

additional associated costs. Although, phase 1 and 2 will be delivered by separate contracts, it is recommended that the works are conducted by the same contractor to ensure consistency, value for money and a high standard quality of works.

6 Background information



- 6.1 The Noel Park estate was built in the late 19th and early 20th century and comprises a mix of terraced houses and purpose-built flats. There are also some post-war infill blocks and houses. The vast majority of the estate falls within a conservation area; some of which is subject to an Article 4 Directive which is a higher level of planning protection. There are currently 1,183 dwellings; 181 of which are leasehold. Included in the stock are 243 properties that have a rear bathroom extension, erected in the 1970s, known as a pod, which are now well beyond their useful life. Prevalent defects of the pods include structural movement, dampness and the presence of asbestos in the wall panels.
- 6.2 In 2015 Homes for Haringey was commissioned to carry out a detailed options appraisal on the Noel Park estate to look at the complex internal layout of many of the historic buildings and the poor condition of the pods to bring the homes up to the Decent Homes Standard.
- 6.3 The options appraisal concluded that the estate required significant investment over the next five years to bring homes up to the Decent Homes Standard, address the issues with the pod properties and convert homes to improve space and layout.
- 6.4 In 2015, Decent Homes funding enabled Homes for Haringey to launch the first phase of improvement on the Noel Park estate. As a result of this we were able to carry out a range of internal and external improvements to homes on the estate. Improvements included new windows, doors, roofs kitchens,

bathrooms, central heating systems and rewiring. This work was completed in December 2016. The work done did not include any work to the pod properties.

- 6.5 A second phase of external works only, started in October 2016 and completed in July 2017. External works were targeted as residents identified window renewal as a priority.
- 6.6 Work on the third phase started in August 2017, which included all outstanding internal and external improvement works, that completed in July 2019.
- 6.7 In April 2018, Ridge and Partners were appointed to provide a consultancy service to manage the delivery of the major works programme for five years. They were commissioned to review existing options appraisal and surveys in relation to the pod dwellings and to explore design options for their replacement.
- 6.8 Following the review, Ridge put forward a recommendation for the pods to be replaced using modular construction. This is a process in which a building is constructed in a factory setting, under controlled conditions using materials and design to the same standards as traditional buildings.
- 6.9 The new extensions are to be installed by a crane into their required location within a single day. Respite facilities will be made available for residents use on that day.
- 6.10 In addition to the pod replacement works, the project includes roof works, window and doors replacement, redecoration and external repairs to the properties. Tenanted dwellings will also benefit from kitchen replacement, rewiring, boiler and central heating works.
- 6.11 A two stage Design and Build tendering process was recommended for this project, because it allowed the contractor to work closely with the design team to develop the proposed works for this project. At stage one, the contractor was appointed on a fixed price to develop the design of the project, based on an outline scope of works. Following their appointment, the contractor is responsible for developing the design to reach an agreed cost to deliver the works at stage two. This form of tendering is typically applied to complex projects, such as the Noel Park pods. This is because it encourages collaborative working with the contractor from the early stages of a project and allows the Council to benefit from the contractor's knowledge and experience in design and construction.
- 6.12 In February 2019 a tender process commenced using the London Construction Programme (LCP) Major Works Framework (MW14). 6 contractors were invited to review and submit tenders for the Noel Park major works programme. We received 2 completed tenders to undertake the design and build project to install new modular extensions to the properties in Farrant Avenue, Morley Avenue, Moselle Avenue and Gladstone Avenue. Following a review of the tenders, Engie submitted the Most Economically Advantageous Tender with a total value of £16, 341,419. Which included the three phases:

- Design Phase
- Phase 1 works
- Phase 2 works

The design phase was approved on the 14 August 2019.

6.13 Phase 1 was awarded with a value of £11,331,675 following approval by Cabinet on 19th January 2021.

6.14 Following a review of 47 additional properties in Farrant Avenue, Morley Avenue, Moselle Avenue a new designed modular extension was required to include the kitchen incurring an increased cost. All 47 properties formed part of phase 1 and did not affect any leaseholder properties. The first stage design was reviewed with building control, updates to design had to be made to meet requirements of the conservation. A value for money exercise was conducted on the variation costs for the changes of the design.

6.15 At the first stage tender an estimate of £16.1m was submitted by Engie, following further surveys of the property's, adjustments had to be made to the programme.

- Asbestos removal process changed (now make safe, strip and removal).
- Modular units (pods) increase in size second stage tender allowance).
- Enhanced modular bathroom finishes, OT and resident's choice.
- Kitchen modular unit designs.
- Scaffold access for pod removal.
- Ground works for pod removal.
- Additional 96 roof replacements.

Following the final surveys carried out on site in June 2020 the final contract proposal was put forward at approx. £21.048m. The main increase was the recommendation to replace all the existing main roof coverings to the properties in Gladstone Avenue and the need to remove the AIB asbestos panels prior to lifting the existing pod structure over the property.

6.16 The project details for Phase 2 are as follows:

Number of dwellings in project	126
Anticipated start on site	September 2021
Anticipated completion	September 2022
Contractor	Engie Regeneration Ltd

6.17 During Phase 2, four properties have been identified as suitable for the installation of a modular extension increasing the living space within the dwellings. Three properties will receive a first floor modular extension and one property will have a ground floor modular extension; each modular extension will house a new bathroom. Following the installation of the new bathroom the

existing layout will be converted into an extended kitchen space to improve the functionality and comply with the Decent Homes standard.

- 6.18 The project under construction will be managed by Ridge and Partners and Homes for Haringey.

7. Consultation

- 7.1 Resident consultation relating to this proposed contract began in 2019 with a well-attended “meet-the-contractor” event on 14th November 2019.

- 7.2 A further meeting planned for 18th March 2020 was unfortunately cancelled due to COVID-19 restrictions. Three online resident meetings were held in August 2020. A detailed presentation was delivered at the meetings, where the proposed designs, resident choices, the project timetable and the next steps were discussed.

- 7.3 A project brochure and newsletter were subsequently sent to all residents, including those who were unable to take part in the virtual meetings. These provided details of the proposed designs, a project update as well as key questions and answers raised at the meetings. Consultation pursuant to s105 Housing Act 1985 was conducted with all affected secure tenants in October and November 2020.

- 7.4 Section 20 Notices were sent to leaseholders in September 2020. The Council and Homes for Haringey have since apologised to all residents for the lack of sufficient communication around this time, given the scale of the estimated charges and the impact on leaseholders. A large number of leaseholder observations and questions were submitted, additional resource and support was required to gather the information requested. Due to the particular circumstances of this project, some observations took Homes for Haringey additional time to respond to. At the end of January 2021, Homes for Haringey published an updated Frequently Asked Questions document answering over 110 questions.

- 7.5 On 6th February 2021 and 13th May 2021, further online meetings were held specifically for leaseholders to address further questions and concerns. Revised Section 20 Notices were issued on 7th May 2021 following additional condition surveys conducted by Ridge and Partners between January and April 2021. A summary of leaseholder observations follows in the next section.

8 Leasehold implications

- 8.1 As a result of applications made under the Right to Buy legislation, there are 77 leaseholder owned properties affected by the works described in this report.

- 8.2 Under the terms of their lease, the lessee is required to make a contribution towards the cost of maintaining in good condition, the main structure, the

common parts and common services of the building. Such contributions are recovered by the freeholder through the lessees' service charge account.

8.3 The Council has a duty to preserve HRA funds by recovering the cost of works from individual leasehold owners where they are liable under the terms of their lease. The total amount liable to be recovered is estimated at £6.4 million. However, officers believe there is a strong rationale for reducing the level of charges in some cases to reflect the particular history and circumstances at Noel Park as well as to avoid further dispute and potential litigation.

8.4 The proposed works will not only enhance the homes of leaseholders but will also optimise the value of their assets.

8.5 **Section 20 Consultation – Observations and Considerations**

8.5.1 Homes for Haringey (HfH) initially issued Section 20 Notices to leaseholders in September 2020. Following representations from leaseholders and a review by the Housing and Regeneration Scrutiny Panel, HfH instructed a programme of bespoke condition surveys of leasehold properties in early 2021, with surveys carried out by Ridge and Partners LLP. The scope of works and cost estimates were then revised to reflect the survey findings. A second set of Section 20 Notices were then issued on 7 May 2021. The 30-day deadline for responses was extended by 2 weeks until 23 June 2021.

8.5.2 This section of the report summarises the leaseholder observations received in response to both sets of Section 20 Notices and indicates how the proposals have been amended to reflect the observations received.

8.5.3 It is important to note that many of the matters raised by leaseholders during the consultation period were in relation to issues outside of the statutory requirements of the Section 20 rules. Nevertheless, the Council and HfH have made considerable efforts to provide answers to the full range of matters raised, with a set of answers to Frequently Asked Questions (FAQs) published and kept updated on the HfH website.

8.5.4 No. of leaseholders responding to September 2020 Notices = 26

8.5.5 No. of leaseholders responding to May 2021 Notices = 56

Observations and Responses:

8.6 **Scope of Works**

Many leaseholders questioned the scope of works proposed, putting forward a case that certain elements of work are unnecessary at this stage (for example, arguing that the current condition of roofs, windows and/or doors is good or fair and so renewal is not needed now or within the next 5 years).

At this stage HfH is proposing to base the scope of works to each property on the Ridge survey findings. However, the Council is now offering to give leaseholders a further opportunity to challenge the necessity of works prior to commencement through the appointment of an independent and suitably qualified quantity surveyor or other building professional, to be given access to inspect on site alongside the contractor when the final specification of works is being agreed before commencement.

8.7 Alternative Options

Some leaseholders argued that the bathroom “pods” should be replaced with brick-built extensions rather than new modular bathroom extensions or that bathrooms should be re-provided inside the original footprint of the properties.

HfH has published cost comparisons demonstrating that the new modular extensions are better value for money and their quality and longevity is assured under the BOPAS scheme, which is accepted by mortgage lenders.

8.8 Procurement Process

Some leaseholders asked questions about the process of appointing Engie Regeneration Ltd as the contractor under the earlier QLTA procurement, challenging whether the Council and HfH could demonstrate that this process has achieved value for money.

HfH has provided evidence that the procurement process met the legal requirements and resulted in an appropriate appointment based on the assessment of quality and price undertaken.

8.9 Consultation Process

Some leaseholders asserted that the consultation process in this case was not sufficiently extensive to meet the Section 20 requirements and failed to meet the Council’s own engagement standards.

HfH apologised for shortcomings in the September 2020 consultation process and issued revised S20 Notices in May 2021, providing an extended consultation period at leaseholders’ request and making considerable efforts to provide answers to all questions raised, even where issues went beyond the matters covered by the legislation. Despite COVID restrictions, all affected leaseholders were invited to online meetings to raise their concerns and discuss these issues directly with officers.

8.10 Charging Basis

Some leaseholders queried the lawful basis within the lease for charging them for certain works, such as those without a pod questioning why they should contribute to the costs of replacing their downstairs neighbour’s bathroom pod.

The legal basis for charges has been carefully considered in each case and answers provided to clarify where questions arose. The Council's proposed offer to leaseholders includes capping of charges for some leaseholders (as set out in the main report). Beyond the proposed offer, the charging basis is considered fair and fully in line with the terms of the lease in each case.

8.11 Repairs and Maintenance History

Many leaseholders asserted that the Council and HfH have failed to adequately maintain and repair the properties over a long period of time, resulting in escalation of renewal costs at this stage. The assertion is that the freeholder has neglected its legal duty under the lease and should therefore be liable for the costs of bringing the properties up to a good standard of repair.

The Council and HfH have carried out necessary repairs and maintenance to ensure resident safety. We do not agree that either HfH or the Council have neglected their repairing responsibilities.

9 Proposal to cap leaseholder charges.

9.1 This section of the report sets out officer proposals for a settlement offer to leaseholders and the results of consultation on these proposals. There are several distinct circumstances that warrant consideration set out below.

9.2 Firstly, there are several leaseholders who bought under the Right to Buy in the last six years. They were given Section 125 Notices setting out the estimated costs of major works to be carried out. There is a legal requirement to cap charges for relevant works to the estimates provided in the Section 125 Notice where those charges are billed within 5½ years from the date of the Notice.

9.2.1 Officers propose that, given the extended timescale for wider consultation and the phasing of this contract, the Council should cap relevant charges to the Section 125 Notice levels for all the leaseholders who bought under the Right to Buy within the 5½ years prior to the date of this Cabinet decision to award the contract. This is instead of allowing any Section 125 Notice periods to expire prior to the final accounts on the Noel Park contract.

9.3 Secondly, there are 6 resident leaseholders in first floor flats without a pod who are required under the terms of the lease to pay towards the cost of a modular extension in the ground floor flat. It is important to emphasise the distinction between this scenario - where we propose to not collect a contribution towards work which benefits only the other flat, from other circumstances such as lift replacement where leaseholders generally are liable to pay a share of the costs under the terms of the lease. In the case of a lift, for example, even though a particular leaseholder may not personally use the facility, it is part of the common parts benefitting all residents. By contrast, the modular extension is for the exclusive use of the downstairs resident. (Note: one of those without a pod is also in the recent Section 125 category above.)

- 9.3.1 Officers propose that, in these cases, the Council does not charge first floor owners a proportion of the ground floor pod costs. At the same time, where the ground floor flat is also owned by a leaseholder, their charges would be limited to what is chargeable under the lease, not increased by the reduced charge to the first floor owner. That cost would be borne by the Housing Revenue Account (HRA).
- 9.4 Thirdly, there are 27 Resident Leaseholders who require new modular extensions. The average cost of the modular extension is c.£55,000, although charges vary due to the formula in the lease for apportioning costs, according to relative property sizes. Concerns have been raised about the financial impact on resident owners, with some at risk of hardship and the loss of their homes. Officers propose that the Council offers to cap the pod replacement charges to a maximum of £25,000 for all these resident leaseholders.
- 9.5 Fourthly, there are 38 non-resident leaseholders. There is a strong moral case not to offer a cap on costs to owners who are pursuing a profit motive as investors in these properties. However, officers propose that the Council remains open to using its discretion to mitigate any extreme financial hardship. For example, if the charges would result in a non-resident leaseholder being at risk of losing their primary residence elsewhere. Officers propose that the Council offer to cap the pod replacement charges at senior officers' discretion on the basis of extreme hardship.
- 9.6 In all cases, in order to provide a greater degree of certainty at this stage, the offer will include an absolute ceiling on the final level of charges to be invoiced under this programme, based on the May 2021 estimates (inclusive of any of the proposed caps above, where applicable).
- 9.7 In every case, the offers above are made only on the basis of a full and final legal settlement, with a written assurance that the owner will not make any further legal claim.
- 9.8 Officers can also offer the option of the Council buying back individual properties as an alternative to other payment arrangements. The authority for acquisitions of this kind is already delegated to senior officers, within the scope of an acquisition's capital budget approved previously. The charging reductions proposed above would also be reflected in the buyback terms offered in individual cases.
- 9.9 Officers wrote to all affected leaseholders in early May (with the revised Section 20 Notice) setting out the proposals and inviting comments. There were also online meetings for leaseholders to ask questions and express their views.
- 9.9.1 In addition to the above arrangements, in order to support leaseholders in challenging the need for works and the cost of works, officers are proposing to fund an independent Quantity Surveyor (or other suitably qualified professional) to be selected by a panel of leaseholders. This QS will act on

the leaseholders' behalf, under their instructions, to scrutinise and challenge the need for works and the cost of works, throughout the contract period.

9.10 The proposed hardship definition below reflects a range of circumstances.

Firstly, we have a number of payment options available to assist in hardship circumstances, so we can consider whether additional options that are usually only offered to residential leaseholders can be applied to non-residents.

9.11 The main criterion is where the non-resident leaseholder has been unable to sell their home due to the major works bill and has left their home for hardship reasons. To demonstrate hardship we will look at whether any of the following five circumstances apply:

9.11.1 They are no longer able to pay for basic necessities (food, educational needs and care, regular housing costs and utilities), and therefore is in financial hardship;

9.11.2 They or a dependent member of their family, is vulnerable and they left their home because it was no longer reasonable for their household to occupy the property;

9.11.3 Their household would otherwise have been forced to live apart;

9.11.4 They needed to care for a dependent family member, and so have had to move out temporarily but intend to return;

9.11.5 Their home was no longer appropriate for their circumstances (e.g. due to family size or disability).

9.12 These are the main reasons – however, there may be other circumstances that we can consider. In all cases, we will require full disclosure of personal and financial circumstances to assist our evaluation and assessment of hardship.

9.13 Finally, to demonstrate transparency in the process, we propose to appoint an independent expert (such as a Citizens Advice manager or debt advice specialist) to participate in the panel of officers responsible for evaluating and assessing hardship claims. The panel will make recommendations in cases of severe hardship, for approval by the Assistant Director of Housing. There will then be the opportunity to appeal to the Director of Housing, Regeneration and Planning whose decision will be final.

9.14 If these proposals are agreed by Cabinet, officers will then write again to leaseholders confirming the offer available and explaining how they can respond individually, to reach a full and final settlement agreement on the pod replacement costs.

9.15 As noted above, leaseholders were consulted during May and June 2021 about the proposed settlement offer to leaseholders. Many leaseholders welcomed the proposed cap for resident leaseholders, whilst some questioned the lack of a similar cap for all non-resident owners on grounds of fairness. Some argued that there should be a more substantial cost reduction for all. The proposed independent surveyor and the hardship definition were welcomed, although some argued for a wider view of hardship. The proposed absolute ceiling to provide maximum cost certainty was largely welcomed. An independent input to the hardship panel was also welcomed.

10 Conservation areas

10.1 The properties in this project are within The Noel Park Conservation Area, Planning Policy Framework 2012 requirements. Section 12 of the PPF 'Conserving and enhancing the historic environment' directs local planning authorities to identify and assess the particular significance of any heritage asset that may be affected by a proposal (including proposals which may affect the setting of that heritage asset). The Project Team is in consultation with Planning and Building Control as part of the formal application and approval process.

11 Contribution to strategic outcomes

11.1 This project will help to achieve the Borough Plan Outcome 3: 'We will work together to drive up the quality of housing for everyone'. This will include contributing to delivering the following objectives: -

- Improve the quality of Haringey's Council housing, including by ensuring that a minimum of 100% of homes meet the Decent Homes Standard by 2025.
- Improve residents' satisfaction with the service they receive from Homes for Haringey to be in the top quartile for London (78%) by 2022.
- Ensure safety in housing of all tenures across the borough, responding to any new regulations as they emerge.

Statutory Officers comments

12 Finance

12.1 The contract variation request of £5.12m is to enable the completion of phase 2 works.

12.2 The total value of the phase 2 contract is £10.29m and this includes a professional fee of £0.16m

12.3 This project is included in Existing Stock Investment Programme budget approved by full council in February 2020.

- 12.4 The cost of this project, including professional fees, is projected to be spent as shown below.

Financial year	Works	Fees	Total
2021/2022	£6.54m	£0.07m	£6.61m
2022/2023	£3.12m	£0.09m	£3.21m
2023/2024	£0.47m	£0.00m	£0.47m
Total	£10.13m	£0.16m	£10.29m

- 12.5 The expenditure of £6.61m in 2021/22 will be met from the existing stock capital works programme 2021/22 budget.
- 12.6 The remaining projected expenditure of £3.68m is covered in the existing stock capital programme 2021/22-26 MTFS.
- 12.7 Contribution to the cost of the project is expected from leaseholders in this phase.
- 12.8 Further finance comments are contained in the exempt report.

13 Procurement

- 13.1 Strategic Procurement can confirm the works were procured through the LCP Major Works Framework (MW14) in compliance to the Council's Contract Standing Order (CSO) 7.01 b) (selecting a provider from a Framework).
- 13.2 The second stage procurement exercise contemplated three parts:
- Design
 - Phase 1 works
 - Phase 2 works

Each phase has been subject to separate approval by the Council. The nature of the works is such that there is a high risk the value of the works would vary from the original tender price submitted by bidders, especially in light of recent availability of materials and significant price increases, following Brexit and the impact of Covid-19 which has caused substantial disruption in supply chains through the construction sector.

- 13.3 Strategic Procurement can confirm the proposed variation recommended in 3.1 is consistent with Regulation 72 (1) b) of the Public Contract Regulations 2015.
- 13.4 Strategic Procurement is not aware of any procurement related reason preventing the Council from agreeing to the recommendations in Section 3.

14 Legal

- 14.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 14.2 Pursuant to Contract Standing Order 9.07.1(d) contracts valued at £500,000 or more may only be awarded by Cabinet.
- 14.3 The terms of the Council's standard right to buy lease permit recovery of a proportion of the cost of these works from leaseholders, subject to compliance with the consultation requirements set out in the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ("the provisions").
- 14.4 As the works are proposed to be carried out by a contractor under a qualifying long term agreement (QLTA), the provisions set out a single-stage process for consultation with leaseholders, setting out the proposed works and likely cost and inviting comments on both the works and the costs (the leaseholders are not entitled to nominate an alternative contractor where the Council proposes that the works be carried out under a QLTA). The leaseholder is to be given a minimum of 30 days to respond. The Council must respond to any observations made within 21 days and Cabinet must have regard to those observations in deciding to award the contract.
- 14.5 Details of compliance with those provisions are set out in the body of this report together with a summary of the observations and responses at paragraphs 8.6 to 8.12. Legal Services were consulted on and approved the form of the notices served.
- 14.6 Entry into the QLTA itself was subject to a separate consultation process under the Regulations.
- 14.7 The variation of the original contract value is in accordance with Regulation 72(1)(b) of the Public Contracts Regulations 2015 as the additional works have become necessary and a change of contractor cannot be made for economic and technical reasons and would cause significant inconvenience and substantial duplication of costs to the Council.
- 14.8 In accordance with Contract Standing Order 10.02.1(b) Cabinet has authority to approve the variation referred to in 3.1 of the report.
- 14.9 In accordance with Contract Standing Order 9.07.1(d) Cabinet has authority to approve the award of contract referred to in 3.2 of the report.
- 14.10 Cabinet has authority to approve the issue of the letter of intent referred to in 3.3 of the report.
- 14.11 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

15 Equality

- 15.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to: -
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share those protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 15.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 15.3 This report concerns the decision to approve the award of contract for Phase 2 of the works on the Noel Park Estate to Engie Regeneration Ltd for the replacement of bathroom pod extensions. A separate decision on the leaseholder payment policy, applicable to leaseholders on the Noel Park Estate, is detailed in another report for July 2021 Cabinet and is accompanied by an EQIA.
- 15.4 The decision will primarily impact residents living in properties managed by Homes for Haringey, a significant number of whom share the protected characteristics. It is notable that BAME people and disabled people are overrepresented relative to the population of Haringey. The award of this contract will bring the tenanted properties up to the Decent Homes Standard and for all properties, will address an on-going potential health and safety risk by removing the asbestos which is present in the pod extensions. Homes for Haringey will also work with tenants and leaseholders to adapt the works where any specific needs are identified, for example in relation to disability. To the extent that the decision may enable properties to be brought up to the Decent Homes Standard it can be expected to have a positive impact in relation to the Council's public sector equality duty.
- 15.5 This decision will also carry a specific impact for the 77 leaseholder owned properties affected by the works described in this report. It is noted that leaseholders will be subject to charges for the works and that the council is taking measures to mitigate the potential financial impact: including by reducing the level of charges in some cases and by proposing a new leaseholder payment policy (which will go to Cabinet in July). These measures could be expected to mitigate the potential negative financial impact for leaseholders.
- 15.6 As a body carrying out a public function on behalf of a public authority, the contractor will be required to have due regard for the need to achieve the three aims of the Public Sector Equality Duty, noted above. Arrangements will be in place to monitor the performance of the contractor and ensure that any reasonably possible measures are taken to address any issues that may occur and may have a disproportionate negative impact on any groups who share the protected characteristics

16 Use of appendices

16.1 Appendix A: Part A exempt information.

17 Local Government (Access to Information) Act 1985

17.1 Asset Management Strategy 2020-25

<https://www.homesforharingey.org/repairs-and-maintenance/major-works>

17.2 In February 2018 Cabinet agreed to appoint Ridge and Partners LLP as multi-disciplinary professional consultants.

Award of contract for multi-disciplinary professional services

<http://www.minutes.haringey.gov.uk/documents/s99594/>

Appendix A of this report is NOT FOR PUBLICATION by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. This appendix is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.