



Cabinet

Item
8(ii)

8 March 2023

Report of

Chief Operating Officer

Author

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Title

Request for Delegated Authority for the Award of HRA Contracts 2023/24

Wards affected

All wards

1. Executive Summary

- 1.1 Within the Housing Revenue Account (HRA), the Council owns almost 6,000 affordable homes, benefitting people in need of social housing. The housing stock is managed through an Arm's Length Management Organisation (ALMO), Colchester Borough Homes (CBH). Each year a number of maintenance contracts are managed in accordance with a Housing Investment Programme (HIP) that keeps these homes in a suitable condition, as part of an ongoing planned approach set from the HRA Asset Management Strategy and 30-year HRA Business Plan.
- 1.2 This report sets out the maintenance contracts that are due to expire over the next year, that need new contracts to be procured and awarded for the HIP in 2023/24. These are contracts that are likely to require Cabinet approval due to estimated costs (over £500k for the scope of the contracts, over multiple years) and spanning over more than 2 wards.
- 1.3 The report seeks delegation of powers to the Portfolio Holder for Housing and Communities to approve the award of these contracts as they arise, which will make those awards smoother and faster if they arise between meetings scheduled for the next year. A similar decision was taken in 2020, 2021 and 2022 which was concluded successfully over the subsequent delegated contract awards.

2. Recommended Decision

- 2.1 To delegate authority to the Portfolio Holder for Housing and Communities for the award of the contracts for works within the Housing Investment Programme 2023/24.

3. Reason for Recommended Decision

- 3.1 Within the Housing Revenue Account (HRA), the Council owns almost 6,000 affordable homes, benefitting people in need of social housing. The housing stock is managed through an Arm's Length Management Organisation (ALMO), Colchester Borough Homes (CBH) and each year a number of maintenance contracts are managed within an agreed Housing Investment Programme. This keeps these homes in a suitable condition, as part of an ongoing planned approach set from the HRA Asset Management Strategy and 30-year HRA Business Plan.
- 3.2 Contracts that are due to expire over the next year, require new contracts to be procured and awarded for the Housing Investment Programme in 2023/24. These are contracts that are likely to require Cabinet approval due to estimated costs (over £500k for the scope of the contracts, over multiple years) and borough-wide span.
- 3.3 The decision to delegate powers to the Portfolio Holder for Planning and Housing to approve the award of these contracts, as they arise, will make those awards smoother and faster if they arise between Cabinet meetings scheduled for the next year, or during

the pre-election period. This avoids delays in the delivery of improvements for tenants. A similar decision was taken in 2020, 2021 and 2022 and has demonstrated the success and benefit of this approach in past/current contract awards.

4. Alternative Options

- 4.1 Not to delegate the powers requested; but this would then need contracts to be individually reported to Cabinet for each contract award increasing the time and resourcing required, for a procurement process that is already heavily scrutinised and regulated. This would delay the start of contracts, and therefore the improvements to homes for tenants, whilst waiting for a Cabinet meeting to arise. The time/benefit balance would therefore suggest that delegation to the PFH would be more effective and efficient use of Council resources, without introducing risks; demonstrated by recent practices. The Portfolio Holder decisions would remain available for call-in should individual concerns arise.

5. Background Information

- 5.1 The Housing Investment Programme (HIP) is funded by the HRA and is currently an investment of around £15m across the housing stock per year. Simplistically, the HRA receives the social and affordable rents and income from Council housing that is then ring-fenced within the HRA (a separate account to the General Fund) to be invested back into the social housing stock (whether in maintenance of existing stock, or provision of new affordable homes, this then in turn increases the income back into the HRA in future years to pay for itself).
- 5.2 The HIP therefore includes the planned and reactive replacement of building elements, such as electrics, heating, windows, doors, kitchens and bathrooms etc, on a cyclical basis. The HIP is based on the expected notional life of those elements. This is verified by a stock condition survey of identified properties.
- 5.3 Once it has been identified that many properties require similar investment then the necessary budget, part of a 30-year HRA Business Plan to manage the funds and property in the HRA, is approved by Cabinet (in January each year) to fund the investment. This work is then collated into packages of works that can be contracted together to provide value for money and economies of scale, consistency of works across the stock and relationships with contractors familiar with the Council's needs and property etc.
- 5.4 An appropriate procurement route is identified in advance and a contractor is selected to enter into a suitable contract for the delivery of the works. Previously the Council has entered contracts on a variety of terms, whether small or large contracts, and whether for single or multiple years, and this experience informs the basis on which each element of the programme is delivered.
- 5.5 The delegation of the HRA HIP contracts will assist in a timely, smooth, contract renewal or replacement process over the next year, for known contracts that will emerge.
- 5.6 In addition, the Climate Emergency Response Works were agreed by Cabinet in November 2020 as a supplementary package of work to the HIP that further improves homes, continuing to address the climate emergency declaration but also provides additional employment opportunities and economic recovery benefits after the global pandemic. These works will potentially not be delivered through one single supplementary contract, all the elements of the planned works include cladding, insulation, windows, heat and energy sources etc.
- 5.7 The complete package of contracts will be delivered within the approved budget for the HIP in 2023/24 which was approved by Cabinet at its meeting on 25 January 2023.

6. Equality, Diversity and Human Rights implications

- 6.1 Implications for Equality, Diversity and Human Right will be considered in all contracts awards. However, it is generally thought that investment in and the appropriate maintenance of the Council's housing stock has overwhelmingly positive implications for tenants and residents of the Borough.
- 6.2 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The recommendations will have no disproportionate impact on any protected group. The Equality Impact Assessment for the Council's Housing Investment Programme is [here](#).

7. Strategic Plan References

7.1 The Strategic Plan sets out clearly the Council's priorities. The budget process has been designed to ensure that resources are allocated to meet these priorities.

7.2 This decision particularly contributes to the following Strategic Plan 2021-2023 priority areas:

- **Responding to the Climate Emergency**
 - Reduce carbon emissions to help achieve a zero-carbon footprint for Council services for 2030
 - Environment and sustainability imbedded in all Council decision making and the adaption and recovery from Covid-19
- **Tackling the causes of inequality and support our most vulnerable people**
 - Support people to live in healthy homes that meet their needs
- **Increase the number, quality, and types of homes**
 - Improve existing Council homes to keep them in good repair and improve energy efficiency
 - Continue to improve and modernise available housing for older people
- **Prevent households from experiencing homelessness**
 - Work with partners to deliver the 2020-23 Homelessness and Rough Sleeping Action Plan
 - Intervene early to prevent homelessness and work in partnership with other organisations to sustain people's accommodation
 - Tackle rough sleeping in the Borough
- **Enable economic recovery from Covid 19 ensuring all residents benefit from growth**
 - Ensure our Borough becomes stronger post Covid 19 by supporting businesses to recover, adapt and build resilience
 - Develop opportunities to ensure the new economy is greener, sustainable, and more resilient
- **Create an environment that attracts inward investment to Colchester help businesses to flourish**
 - Encourage green technologies and innovative solutions to the Climate Emergency
 - Maximise the social value benefits derived from third party contracts
 - Ensure the Councils assets continue to contribute to economic growth and opportunity

8. Consultation

8.1 Tenants of all housing stock have been consulted as part of a review of the Asset Management Strategy. The Asset Management Strategy includes specific reference to a suitable Procurement Strategy for HIP works.

9. Publicity Considerations

9.1 All residents are notified of major contract awards via the Resident Newsletter. Affected tenants are notified well in advance of works taking place and consulted about the specific impact on them and their household.

10. Financial implications

- 10.1 The budgets for the Housing Investment Programme and Acquisitions Programme were presented to Cabinet on the 25 January 2023 and will be within the 30-year HRA Business Plan and approved budget for 2023-24.
- 10.2 Revenue budgets for repairs maintenance which includes void works were presented to Cabinet on the 25 January 2023 and will be within the approved budget for 2023-24.

11. Health, Wellbeing and Community Safety Implications

- 11.1 It is broadly expected that communities where these works will take place will be positively affected by the completion of the works. Improved buildings and estates reduce anti-social behaviour and crime, improve health and associated outcomes for residents and communities. Recent medical reports have identified, more than ever, that the quality of housing has a significant impact on the health of residents within those properties.

12. Health and Safety Implications

- 12.1 Contractors bidding for works are expected to demonstrate a strong track record and high level of competence in managing health and safety through the procurement process. Contractors then manage health and safety on site, managed by CBH, although ultimate responsibility remains with the Council as the contracting authority.

13. Risk Management Implications

- 13.1 None expected. All contracts are managed individually, and risk registers are maintained by CBH.

14. Environmental and Sustainability Implications

- 14.1 As part of the Housing Asset Management Strategy a Housing and Environmental and Sustainability Strategy has been produced. Using a specialist energy efficiency modelling database, we have looked at scenarios for delivering all our homes to EPC Band C by 2030.
- 14.2 CCC has been taking action to improve the energy efficiency of our properties, cold damp houses and inequality in our stock create poorer health outcomes. Energy efficiency works take a fabric first approach to retrofit and include loft and cavity wall insulation and moving to installing Air Source Heat Pumps from our Capital Programme. This ensures we are tackling fuel poverty and making utility bills cheaper.
- 14.3 Where possible water saving measures and LED lighting are installed
- 14.4 There are no new PV installations planned, but where installed, tenants benefit from savings and the Council receives revenue returns which are re-invested into other initiatives.
- 14.5 The Government has a target that all social rented homes will be net zero carbon by 2050. The Council continues to develop an understanding of the technical solutions available and their cost as it continues to seek funding to support delivery and consider the financial viability of properties.