

**27 January 2021**

<b>Report of</b>	<b>Assistant Director for Place &amp; Client</b>	<b>Author</b>	<b>Clare Lawrance</b> ☎ <b>282506</b>
<b>Title</b>	<b>Request for Delegated Authority for the Award of HRA Contracts 2021</b>		
<b>Wards affected</b>	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 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 Housing Investment Programme in 2021/22. 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 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 2018 and 2020 which was concluded successfully over the subsequent 'delegated contract awards.

## 2. Recommended Decision

- 2.1 To delegate authority to the Portfolio Holder for Housing for the award of the contracts for works within the Housing Investment Programme 2021/22, including but not limited to:
  - Window and Door Replacements
  - Heating System Renewals
  - Climate Emergency Response Works

## 3. Reason for Recommended Decision

- 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) 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.

- 1.2 The maintenance contracts that are due to expire over the next year need new contracts to be procured and awarded for the Housing Investment Programme in 2020/21. 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.
- 1.3 The decision to delegate powers to the Portfolio Holder for Housing and Communities to approve the award of these contracts, as they arise, will make those awards smoother and faster if they arise between meetings scheduled for the next year, or during the pre-election period. A similar decision was taken in 2018 and 2020 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 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. 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 £10m 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; that then 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, relationships with contractors familiar with the Council's needs and property etc.
- 5.4 An appropriate procurement route is identified in advance and ultimately 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. These contracts include:
- Window and Door Replacements
  - Heating System Renewals
  - Climate Emergency Response Works
- 5.6 This list is not exhaustive. 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, starts addresses 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, as the elements of the planned works includes 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 2021/22 which is also part of this Cabinet agenda.

## **6. Equality, Diversity and Human Rights implications**

- 6.1 Implications for Equality, Diversity and Human Right will be considered in all contract awards. However, it is generally thought that investment in and the appropriate maintenance the Council's housing stock has overwhelmingly positive implications for tenants and residents of the Borough.

- 6.2 The Equality Impact Assessment for the Council's Housing Investment Programme is [here](#).

## **7. Strategic Plan References**

- 7.1 The Better Colchester Strategic Plan 2020-2023 sets out clearly the Council's priorities. The services and projects delivered by CBH contribute directly to the following priority areas and their goals:

- **Creating safe, healthy and active communities**
  - Build on community strengths and assets
  - Tackle the causes of inequality and support our most vulnerable people
  - Provide opportunities for young people
- **Delivering homes for people who need them**
  - Increase the number, quality and types of homes
  - Prevent households from experiencing homelessness
- **Growing a better economy so everyone benefits**
  - Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth
  - Create an environment that attracts inward investment to Colchester and help businesses flourish

## **8. Consultation**

- 8.1 Tenants of all housing stock will be consulted in the coming year as part of a review of the Asset Management Strategy. The Asset Management Strategy will include 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 are being presented to Cabinet on this same agenda and will be within the 30-year HRA Business Plan and agreed budget for 2021-22.

## **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 manages 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 The Council's approach to meeting its carbon ambitions excludes the majority of the rented housing stock. Only sheltered housing blocks are likely to be included in the baseline calculations by the Carbon Trust. The housing stock covered by these contracts are likely to include both types of property and any potential benefit will be considered in the drafting of the contract specification and scored accordingly.

## **Appendices**

N/A

## **Background Papers**

N/A