

For publication

**Housing Capital Programme: New Programme for 2021/22 through to
2025/26 (HC000)**

Meeting:	Council Cabinet
Date:	23 February 2021 24 February 2021
Cabinet portfolio:	Housing
Directorate:	Housing
For publication	

1.0 Purpose of report

1.1 To seek approval for the public sector housing capital programmes for 2020/21 and 2021/22 and to provide an indicative programme for 2022/23 to 2025/26.

2.0 Recommendations

2.1 That Cabinet recommends that:

- a) The Housing (Public Sector) revised Capital Programme for 2020/21 is approved.
- b) The Housing (Public Sector) Capital Programme for 2021/22 is approved and its procurement, as necessary, be authorised.
- c) The Housing (Public Sector) Capital programmes for 2022/23 to 2025/26 are provisionally approved.
- d) The in-house delivery of the Programme be approved.
- e) The Service Director – Housing and/or Acting Chief Finance Officer be authorised to vire between programmes and budgets to manage the Capital Programme as set out in the report.

3.0 Revised Capital Programme 2020/21

3.1 The 2020/21 programme has been revised to recognise changes during the year. The principle ones are delayed starts on two major schemes, due to the Covid pandemic, (Brockwell New Build and Newland Dale Estate Improvements). These have been compensated by an increase to the Grangewood Estate Improvement Scheme and to the Property Acquisitions budget.

3.2 The delayed works have been incorporated into the 2021/22 programme.

4.0 **Financing the 2021/22 Programme and Beyond**

4.1 The overall financial strategy continues to focus on the maintenance of the Decent Homes Standard, improving the non-traditional housing stock, delivering improvements to the estate environment and increasing the development programme of new council housing. There will be a continued increasing focus on affordable warmth and energy efficiency.

4.2 Cabinet will be asked to approve revenue support for the 2021/22 Housing Capital Programme which is £5,740,550 identified in the HRA revenue budget report, which is on this agenda.

4.3 The Council has sold 34 homes through the Right to Buy as of 13th January 2021. At this time last year 57 homes had been sold. The HRA Business Plan for the coming years assumes sales of 50 in 2021/22, 40 in 2022/23, 30 in 2023/24, 25 in 2024/25 and 25 in 2025/26. Additional receipts from Right to Buys exceeding those in the self-financing assumptions (21) can be retained in Chesterfield for the provision of new affordable housing. This money must be spent within 3 years and will require a funding contribution of 70% from the HRA resources. The receipts accumulated to date have been spent on delivery of the new build council house programme and property acquisitions.

4.4 The HRA Business Plan, is in development and will be presented to a future Cabinet meeting. The preparation of the business plan demonstrated that there will have sufficient funding available to meet this 70% funding contribution on the assumption that all of the mitigating actions to improve the financial viability, are realised. If these retained receipts are not used within 3 years, then they must be returned to MCHLG with 4% plus base rate interest. Therefore, in order to ensure that the receipts are retained in Chesterfield for the provision of new affordable housing, the following actions have and will continue to be undertaken:

- Continue with the planned new build programme within the Housing Capital Programme
- The five-year programme of new build sites is included in the Housing Capital programme for 2021/22-2025/26.
- Work with other local Registered Providers in exchange for a proportion of the stock on site and nomination rights.
- Continue the strategic acquisition programme

4.5 The forecast total level of funding available for investment in the stock is enough to maintain the stock at 100% Decency based on the 2017 stock condition survey in the next five financial years (2021/22 to 2025/26). A new Stock Condition Survey will be carried out in 2021/22.

5.0 **The 2021/22 and Future Programmes**

5.1 The introduction of Self Financing in the HRA introduced the potential to borrow to finance investment in the stock up to and beyond the Decent Homes Standard.

5.2 The proposed 2021/22 programme and in each of the following four years continues to broadly reflect the capital programme used in the HRA Business Plan in previous years and addresses needs arising due to the ageing stock as identified in the Stock Condition Survey. Details are shown in Appendix 1.

5.3 Currently 100% of the housing stock meets the Decent Homes Standard at the 2 December 2020 and we fully anticipate this will continue to be 100% at the 31 March 2021.

5.4 The focus of the programme remains on the modernisation of properties to maintain the Decent Homes Standard with the balance of activity over the next twelve months concentrating on building elements such as roofs, windows and improvements to external estate environments.

5.5 The 2017 Stock Condition Survey carried out by Savills, identified that the condition of the housing stock has improved since the previous survey in 2014. The investment in the stock has been directed into the right areas with significant investment being made in relation to typical decent homes works, such as kitchens, bathrooms, electrical installations, heating and external doors and as such less expenditure is required.

5.6 The HRA revenue budget report shows that additional borrowing will be required to finance the capital programme for the 5-year period 2021/22 to 2025/26. The costs associated with this additional borrowing have

been included within the revenue budget. There is a risk that balances may be lower than forecast if, for example, housing rent bad debts (write offs) increase above the levels assumed, this would lead to an increased borrowing requirement.

- 5.7 The Housing Capital Programme has been set in accordance with the profile set out in the stock condition survey. By ensuring that work is planned and procured in accordance with this survey, the unit prices identified within the survey, should be achievable and not pose any substantial risk of increase in process due to rising building cost inflation. This will also ensure that sufficient capacity within the workforce, both internal and external contractors, is available and maintained.
- 5.8 Many of the programme for 2021/22 have already been procured in 2020/21 to ensure timely delivery.
- 5.8.1 The Central Heating Programme will continue in order to remove the risk of large-scale heating failures as a result of the age of the boilers and the non-availability of the required parts.
- 5.8.2 The roof replacement programme will continue to be one of the largest areas of works to ensure that properties maintain the Decent Homes Standard. The roofing programme will run in conjunction with chimneys, soffits and fascia's and rainwater goods, to minimise the need to scaffold.
- 5.8.3 The replacement programme for aging UPVC windows and External Wall Insulation will continue.
- 5.8.4 Programmes have been included for external work to blocks of flats, in conjunction with estate environmental improvements, garage site improvements and fences, gates, footpaths and drives for general needs properties. The Blocks Refurbishment Programme is attached in Appendix 3.
- 5.9 Members previously approved a programme of environmental improvements at Barrow Hill, London Boroughs Estate and continued provision has been made for the second phase of this work which commenced in September 2020.
- 5.10 New build housing programmes working with external partners will continue at Brockwell Court (21 homes). Additional new sites have been identified and developments planned at Markham Court (1 unit), Middlecroft (12 units) and Westwood Avenue (17 units).

- 5.11 All new housing projects are being designed and built to standards that exceed the minimum standards as set out in Part L Conservation of Fuel and Power of the current building regulations through installation of energy efficient boilers and increased levels of insulation in the floors, walls and ceilings. During construction all materials are locally sourced from sustainable materials. For future use, sustainable features such as cycle stores are introduced, electric car charging points and rainwater recycling through collection points in the garden. Water usage is calculated and features such as perforated taps and low flow baths introduced to reduce consumption.
- 5.12 The investment proposed in the Housing Capital Programme will make a significant contribution to ensure the Council's Housing stock is improved to increase its SAP ratings and ensure all homes are efficient and provide affordable warmth for our tenants. In delivering programmes of work for example the block refurbishment programmes specific consideration will be given to energy efficiency and the components used in window replacements, heating replacement systems will be regularly reviewed to ensure improved SAP ratings and make positive reductions on tenants utility bills.
- 5.13 The successful programme of strategic housing acquisitions remains to allow the purchase of properties which meets housing need and increases the housing stock.
- 5.14 The refurbishment of one general needs and two further sheltered housing schemes to ensure that older person's accommodation remains accessible and meets the future needs of our aging population will continue.
- 5.15 The fire risk improvement works to blocks identified in the Compliance Review undertaken by Savills in December 2019 will continue.

6.0 **Investment Principles**

- 6.1 The work programmes for 2021/22 until 2025/26 continue to be prioritised depending on the level of investment needed according to the stock condition survey and the amount of recent expenditure on repairs and maintenance in those areas. The area with the highest level of need and expenditure will receive work in the first year, reducing to year 5, with the work being packaged into four distinct types, with routine decent homes internal work e.g. kitchens, bathrooms, heating, rewires continuing on a year by year basis depending on whether that work is required to

ensure the property continues to meet the decent home standard. The other packages include:

- Externals – Works to the exterior of a property e.g. windows, doors, roofs, pointing and external wall insulation
- Blocks – Exterior work as described above to blocks and communal areas of flats
- Environmental – Fencing, gates, footpaths

7.0 In House Share of Programme

7.1 Appendix 1 shows the portion of the Capital programme that is its proposed will be delivered in house to ensure continued operational effectiveness. Consideration has been given to the level of in house resources allowing for use of external contractors to support the delivery of the Capital Programme to address the backlog of works from 20/21 as a consequence of the Covid pandemic.

7.2 The five-year programme will allow planning for future works and make changes to the workforce and work programmes to ensure the capacity and skills are in place to deliver maintenance and investment in the Council homes.

7.3 The Council is required to demonstrate value for money for all areas of expenditure including for the Housing Capital Programme. The ways in which value for money will be demonstrated include:

- Cost and quality benchmarking through Housemark and APSE.
- Sharing work packages with external contractors if they provide overall Value for Money (VFM) to the Authority.
- Market testing work when and where appropriate through corporately agreed procurement arrangements.
- Agree an approved corporate approach to how we best test Value for Money and Best Value in 2021/22.

8.0 Supporting Local Contractors

8.1 The sustained value of the Capital programme means that some of the work packages will be available to local contractors, subject to their winning the work in competition.

8.2 Housing Services continue to take a key role in the council's corporate arrangements for the procurement of contracts and their management. A clause will be included in contracts to ensure a proportion of local labour.

9.0 Financial Implications

- 9.1 The recommended capital programme for the next 5 years is based on the most recent stock condition survey carried out in 2017. The stock condition survey has been fed into the HRA Business Plan to ensure that it is affordable.
- 9.2 In order to ensure that the Business Plan remains up to date and is based on an up to date understanding of the investment needs of the Housing Stock, a revised stock condition survey will continue to be carried out on a three yearly cycle, with the next survey becoming due in 2021/22 due to the delays from the Covid pandemic. The costs associated with this survey will be met by the Housing Revenue Account.

10.0 Risk Management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Failure to maintain Decent Homes Standard targets/invest in stock in a timely manner	Low	Low	The programme has been set based on the most recent 2017 stock condition survey which was derived in order to ensure that the Decent Homes Standard is met. Resources will be targeted to areas at risk of Decent Homes Standard failure.	Low	Low
Worsening Tenant Satisfaction due to re-phased capital programme	Medium	Medium	Ensure that tenants and members are involved in any future reviews of services. Publicise the 5 year programme of works to tenants so they can see when homes in their community will	Low	Low

			benefit from improvement work.		
Declining Stock Condition	Low	Low	A new stock condition survey will continue to be carried out on a 3 yearly basis to inform the HRA Business Plan and to ensure future investment needs are met. This will include a further detailed survey of the non-traditional housing stock in 2020.	Low	Low
Managing slippage on programmes which may result in an underspend on the overall Capital Programme and work being carried forward into future years.	High	High	A 5 year programme of works will allow sufficient time for growth in the workforce to have the capacity to undertake the programmes of work. The 5 year programme will also allow for sufficient planning time to undertake design work, prepare specifications and seek any permission's, undertake any consultations and necessary procurements prior to works starting as soon as possible in any financial years.	Medium	Low

			Regular contract progress meetings with OSD and external contracts to identify any slippage at the earliest stage and to put in place mitigating actions to prevent any further slippage.		
Health Impacts on occupants	Medium	Medium	Ensure Capital Investment continues in the non-traditional housing stock, which exhibit the most issues linked with poor health e.g. cold and damp conditions.	Low	Low
Right To Buy	High	High	RTB assumptions are made within the HRA Business Plan to reflect this loss of stock. Details are shown in paragraph 4.3 of this report.	Medium	High

11.0 Equalities Impact Assessment (EIA)

11.1 A full Equality Impact Assessment is attached at Appendix 2.

12.0 Recommendations

12.1 That Cabinet recommend that:

- a) The Housing (Public Sector) revised Capital Programme for 2020/21 is approved.
- b) The Housing (Public Sector) Capital Programme for 2021/22 is approved and its procurement, as necessary, be authorised.

- c) The Housing (Public Sector) Capital Programmes for 2022/23 to 2025/26 are provisionally approved.
- d) The in-house share of the Programme be approved.
- e) The Service Director – Housing and/or Acting Chief Finance Officer be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.

13.0 **Reasons for recommendations**

- 13.1 The Council will be able to maintain its 'Decent Homes Standard' targets in line with the Council's Vision and Corporate Plan.
- 13.2 The condition of the Public Sector housing stock and its environment will be maintained and improved.
- 13.3 To contribute to the aims of the Borough Housing Strategy and to deliver the HRA Business Plan.

Glossary of Terms	
HRA	Housing Revenue Account
VFM	Value for Money

Decision information

Key decision number	1007
Wards affected	ALL
Links	To improve the quality of life for local people and to deliver value for money services

Document information

Report author	Contact number/email
Vanessa Watson Asset Management & Programmed Works Manager	Vanessa.watson@chesterfield.gov.uk
Appendices to the report	
Appendix 1	Capital Programme
Appendix 2	Equality impact assessment
Appendix 3	Blocks Refurbishment Programme