



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Full Council

25 July 2022

Report of: Councillor Robert Reid

Cabinet Member for Housing and
Property



Housing Revenue Account Revenue Budget – Earlesfield Estate Grantham Improvement Works Project

As part of the wide-ranging improvement plans in relation to the Council's social landlord activities, the Council continues to roll out a range of improvement and safety works to its properties. Following Cabinet approval to award a contract to undertake significant improvement works to a number of properties on the Earlesfield Estate in Grantham, this report seeks Council approval to allocate an additional revenue budget to enable the delivery of this project.

Report Author

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Corporate Priority:	Decision type:	Wards:
Housing that meets the needs of all residents	Key	Grantham Earlesfield

Reviewed by:	Andrew Cotton, Director for Housing and Property	8 July 2022
Approved by:	Richard Wyles, Chief Finance Officer	15 July 2022
Signed off by:	Councillor Robert Reid, Cabinet Member for Housing and Property	15 July 2022

Recommendation (s) to the decision maker (s)

- Council approves a revenue budget allocation of £1.364 million to be funded from the Housing Revenue Account Priorities Reserve in order to deliver the one-off revenue costs associated with the Earlesfield Estate Capital Works Project.**

1 The Background to the Report

- 1.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to provide “*Housing that meets the needs of all residents*” and the timely delivery of improvements to its social housing stock, which includes a significant number of properties on the Earlesfield Estate in Grantham, is a key element to this.
- 1.2 The Earlesfield Estate contains 1014 Council-owned properties, of which 152 are “Wimpey No Fines” design, a post-war non-standard construction archetype. In 2021, the Council identified as part of its landlord responsibilities that these property types contained asbestos containing material (ACM). Although not presenting an immediate risk of harm to residents, it is best practice to remove ACM. It is confirmed that there are no other properties in the Council’s housing stock of this archetype.

Project initiation

- 1.3 Reflecting the number of properties involved, a small working group of Officers was formed as a project team to consider the most effective response. Naturally, that response has been informed by the Council’s statutory and regulatory obligations, not least the statutory right of Secure tenants to be consulted and informed on housing management issues that impact on them; the Council’s requirements under the Regulator of Social Housing’s Homes Standard (including the Decent Homes Standard and to keep residents safe); and the regulations relating to the management of asbestos.
- 1.4 During 2021, the Council completed the following actions, all intended to provide information to make informed decisions in relation to the management of the housing stock:
- (a) Full asbestos surveys of all 152 dwellings and some minor removal works;
 - (b) Full stock condition survey of all dwellings;
 - (c) Intrusive works to one property that was vacant, to assess the likely disruption if a property was occupied during the works;
 - (d) Engagement with tenants, including home visits to all tenants and their households, regular newsletters, and the creation of an “estate office” for appointments;
 - (e) Information and support in relation to the ACM and the timescales and scope of the works; and
 - (f) Briefings of Ward Members and other key stakeholders.

- 1.5 Council may wish to note that the project team has maintained dynamic risk assessments and appropriate mitigations throughout, and the Regulator of Social Housing has been kept fully informed through the monthly meetings with senior officers and is satisfied with the approach taken.

Works required

- 1.6 The asbestos surveys showed that this property type required intrusive works to remove the ACM, and that the works would necessitate the removal of ceilings within the property. It was also noted that several the properties required replacement kitchens and bathrooms, and are scheduled for electrical, heating, and door upgrades through the Council’s usual capital works programmes.

- 1.7 The following table shows the numbers of properties requiring the different types of improvements/works referred to at 1.6:

Work type	Number
Kitchens	143
Bathrooms	143
Doors	150
Windows	150
Electrical	143
Heating	112
Asbestos	152

- 1.8 Considering the potential disruption and scope of the works needed to these properties over the next few years, it is most practical and efficient to package the works into one contract covering all the works, and to decant (temporarily transfer) around 112 households during the work to their homes. To that end, ten properties on the estate have been held “void” to provide decant provision, and one flat has been converted into an estate office to ensure tenant engagement is optimised (referred to at 1.4c above).
- 1.9 The Council has prepared for any decant programme, with detailed consultation with tenants to understand any vulnerabilities, housing need, and their personal circumstances. The properties held vacant for the decant programme will meet the identified needs of tenants and their households, and suitable notice will be given prior to the actual moves.
- 1.10 Reflecting the large number of decants, there is also a need for the Council to provide appropriate white goods in the temporary accommodation, removal services, and cleaning services. Procurement has been undertaken in relation to this.

Procurement and Contract Award

- 1.11 As noted at 1.10 above, the requirement to decant tenants during the works means the project will require removals, cleaning, and other associated costs. A removals contract has been procured via the YPO framework following consultation with Welland Procurement to ensure compliance with procurement regulations, and a cleaning contract has been sought via an exemption.
- 1.12 In relation to the building works, a significant amount of work was undertaken to scope the works required, with the contract split into six individual priced lots/sections. The procurement process was initiated in quarter three of 2021 with support from Welland Procurement. The Council accessed contractors via a compliant Dynamic Purchasing System (DPS) procurement vehicle.
- 1.13 The evaluation of tender submissions was completed in April, resulting in a successful contractor being identified. The successful contractor scored strongly across both Quality and Price aspects of the tender evaluation process. The scoring matrix resulting from this process is attached to this report as exempt Appendix 1 – Weighted Scores and shows the successful tenderer is United Living Group.
- 1.14 At the meeting of the Council’s Cabinet on 31 May 2022, Cabinet considered a report in relation to the proposed Earlsfield project and decided to award a contract for the Earlsfield Estate Capital Works Project for £3.288 million to United Living Group.

Finance and budget

- 1.15 Council will note that the project involves a mix of revenue costs (day-to-day and/or one-off service provision) and capital costs (work on properties to extend the life of the asset).
- 1.16 The proposed Earlesfield Estate Improvement Works contract is mainly capital costs (the contractor will also be undertaking the removal of the ACM, which is a revenue cost). The proposed approach is to fund the total requirement of the capital works from the underspends on the Housing Revenue Account's capital programme in 2021/22.
- 1.17 In relation to revenue costs, in addition to the removal of the ACM noted at 1.15, there are a number of costs attributable to the project, that can be summarised as follows:

	Project costs £'000	Budget required £'000
Works		
Asbestos works	846	846
Repairs & Decoration	143	143
Housing Management		
Removal Costs	182	182
White goods, curtains & flooring	27	Costs incurred during 2021/22
Wifi	4	4
Cleaning	30	30
Contents Insurance	8	8
Garden Maintenance	7	7
Goodwill payment	20	Costs incurred during 2021/22
Damage and loss	65	65
Energy Costs	7	7
Staffing		
Project Manager*	72	72
Total project cost	1411	-
Unbudgeted revenue requirement 2022/23	-	1364

*temporary contract for the period of the works

- 1.18 As can be seen from the above, £47k of the £1.411 million required revenue expenditure for the project has been incurred in the financial year 2021/22 and contained within existing budget.
- 1.19 There is therefore an unbudgeted revenue requirement of £1.364 million required for the works to be undertaken in the current financial year and, at the meeting on 31 May 2022, Cabinet made recommendation to Council that a budget allocation of £1.364 million be made from the Housing Revenue Account Improvement Reserve in order to deliver the one-off revenue costs.

2 Consultation and Feedback Received, Including Overview and Scrutiny

Full consultation and engagement with all affected tenants has been undertaken, as detailed above. The Regulator of Social Housing has also been advised of the project and is satisfied with the proposed approach.

3 Available Options Considered

- 3.1 Council approves the allocation of revenue budgets to enable project delivery.
- 3.2 Council declines the revenue budget allocation and the improvement and ACM removal works are not undertaken.

4 Preferred Option

- 4.1 The suggested approach demonstrates the Council is taking a pragmatic approach that takes into account its statutory and regulatory requirements, whilst being sensitive to tenant needs and providing investment into its own housing stock to support the achievement of the Corporate Plan. As such, the preferred option is that Council approves the allocation of the revenue budgets necessary to enable project delivery.

5 Reasons for the Recommendation (s)

- 5.1 A fully compliant procurement process has resulted in the identification of a contractor that meets the Council's requirements and the Council's Cabinet has resolved to award a contract. Without the revenue budget the project cannot commence.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 The Council will award the contract and commence the roll-out of the project to remove the asbestos from the identified properties and undertake the improvement works. This will include scheduling in appropriate project meetings, engaging with tenants, and providing updates to Members and other key stakeholders.

7 Financial Implications

- 7.1 The works are a combination of capital and revenue costs and the allocation is set out in the report. It has been possible to re-allocate unused capital budgets from the 2021/22 financial year to fund the capital works of £2.442m during 2022/23. This amount is for the capital works only and excludes the asbestos works as these are a revenue cost. However there is no revenue budget allocation so Council are being asked to approve an allocation of £1.364m, the details of which are provided at 1.17. This will need to be financed from HRA reserves. In addition members should note the loss of rental income during the duration of the works which is estimated at £81k. Therefore the total scheme costs are approximately £3.934m.

Financial Implications reviewed by: Alison Hall-Wright, Assistant Director of Finance

8 Legal and Governance Implications

- 8.1 There are no additional legal or governance implications arising from this report that are not already referenced in the body of the report.

Legal Implications reviewed by: Graham Watts, Assistant Director of Governance and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 No direct issues; the contract is to be delivered across all required properties. The provision of an estate office, a single point of contact in the Housing Management Team, and the face-to-face surveys undertaken allows the Council to take into account the individual needs of tenants.

10 Risk and Mitigation

- 10.1 A full risk register and risk mitigation framework for the project shall be developed and reported to project meetings.

11 Community Safety Implications

- 11.1 No direct issues; the project shall be managed from an onsite office enabling full oversight and ownership of any arising issues by the onsite team.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 With the creation and use of an onsite office and compound we shall be reducing the possible carbon footprint from such a project by reducing travel requirements.
- 12.2 We have also ensured that where we are temporarily moving/decanting tenants that these moves are being undertaken within the same estate to again reduce any carbon emissions from removal and travel.

13 Other Implications (where significant)

- 13.1 None

14 Background Papers

- 14.1 None

15 Appendices

- 15.1 None