



Report to Policy Committee

Author/Lead Officer of Report: Nesreen Lowson

Tel: 0114 2735493

Report of: Executive Director – Operational Services

Report to: Housing Policy Committee

Date of Decision: 7th November 2022

Subject: Housing Capital Programme – Q2 Finance Report

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

Purpose of Report:

The Housing Investment Programme (Capital) brings together the 30-year Asset Management Strategy for Council Housing that sets out the priorities for investment and, to ensure that homes meet the Government’s Decent Homes Standard and, delivery of tenants’ priorities to improve the quality of homes and neighbourhoods. Investment priorities are formulated from detailed stock condition and other surveys to ensure effective planning of works, repairs intelligence, life-cycle modelling and, feedback from tenants.

The Housing Investment Programme is co-designed and agreed with tenants for Council Housing stock.

The Housing Capital Programme is split into three distinct areas of activity; Council Housing Investment (existing stock and assets) and the Council’s Stock Increase Programme, funded from the Council’s Housing Revenue Account, as described in the annual HRA Business Plan. There is also the Non-HRA Capital Programme which includes the Programme Management, Homes & Loans to private homes and investment in private homes. The table at 1.8 how the overall Housing Capital Programme split between Council Housing Investment, Stock Increase and Non-

HRA areas of the programme.

The purpose of this report is to provide an update of the progress against the approved 2022/23 Housing Investment Programme, this is reported regularly as part of the Council's Corporate Capital Programme to Strategy and Resources Committee normally on a quarterly basis. This report will focus on providing an update with regard to spend and progress against the 22/23 Housing Investment Programme as at September 2022. The report also provides an update of the 5-year Housing Investment Programme.

Recommendations:

The Housing Policy Committee members are recommended to:

- Note the 2022-23 Housing Capital Programme forecasting and budget position at the end of period 6.

Background Papers:

N/A

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>Damian Watkinson</i>
	Legal: <i>Stephen Tonge</i>
	Equalities & Consultation: <i>N/A</i>
	Climate: <i>N/A</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>
2	EMT member who approved submission: Ajman Ali
3	Committee Chair consulted: Douglas Johnson
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Janet Sharpe
	Job Title: Director of Housing Housing and Neighbourhood Service
	Date: 10 November 2022

1. PROPOSAL

- 1.1 The Housing Investment Programme was approved in January 2022 as part of the Housing Revenue Account (HRA) Business Plan and, was also included in the Council's Corporate Capital Programme in February 2022 that brings together all Capital Programmes together for formal approval.
- 1.2 The Housing Investment Programme (capital) has a rolling 5-year Programme. As part of the HRA Business Plan there is also a 30-year Asset Management Strategy with investment plans for 30 years and, reporting against a 1 year and, 5-year programme. The HRA Housing Investment Programme is co-produced with tenants and regularly consulted on to ensure stock is compliant with current regulations (including the new Fire and Building Safety Regulations, Gas, Electrical, Asbestos etc) and Decent Homes Standards.
- 1.3 The Housing capital investment strategy will focus on a 'fabric first' approach to protect council housing assets, to reduce our ongoing and longer-term repairs and maintenance obligations and increase tenants' satisfactions with their homes. We will also be moving to an area-based investment approach to reflect local priorities that are important to residents and tenants. Close working arrangements are in place with the Council's Repairs Services to ensure alignment across Capital and Revenue investment.
- 1.4 Below is a summary of the approved 5 Year Housing Capital; Investment Programme:
- 1.5 Each year a review of the 30 year and 5-year Housing Investment Programme is undertaken and any profile changes are approved as part of the Council's HRA Business Plan in January. Each year additional years are added so that we always have a 5- and 30-year programme. This will be brought to the Housing Policy Committee in January 2023.
- 1.6 The updated 5-year programme changes was approved by the Co-operative Executive on the 19th of January 2022 who approved the total 5 year programme of £660m.
- 1.7 A number of variations to the programme were approved before the end of March 2022 as a result of delays on some programmes that had continued to be affected by the pandemic which had slowed down some capital works and procurement plans. A total of £16.068m in year-end slippage was approved in April 2022. This included £2.268m for Council Housing Investment and £12.973m for the Stock Increase Programme.
- 1.8 Further variations to the programme were approved following detailed reviews on the HRA capital finance budget available for the 5-year

approved capital programme during June -August 2022 to reflect current market conditions. The total variations approved following these reviews re-set the Housing Investment Programme to £78.5m for 2022/23.

Housing 5 Year Capital Programme						
Housing Investment Programme	2022/23 Full Year	2023-27 Programme				
	2022/23 FY Budget	2023/24 FY Budget	2024/25 FY Budget	2025/26 FY Budget	2026/27 FY Budget	5 Year Total FY Budget
HEATING, ENERGY & CARBON REDUCTION TOTAL	4,917,020	21,679,222	10,859,000	10,845,480	13,450,000	61,750,722
H & S ESSENTIAL WORK TOTAL	14,715,359	8,961,819	18,667,645	21,880,321	18,240,654	82,465,798
ADAPTATIONS & ACCESS TOTAL	3,534,657	3,343,500	3,304,730	3,008,421	3,130,011	16,321,319
HRA PROGRAMME MANAGEMENT TOTAL	3,050,000	3,100,000	3,150,000	3,200,000	3,250,000	15,750,000
WASTE MANAGEMENT & ESTATE ENV TOTAL	-	801,986	2,770,000	3,365,000	3,515,000	10,451,986
ENVELOPING & EXTERNAL WORK TOTAL	8,190,727	8,734,000	9,275,940	13,692,270	3,682,118	43,575,055
COMMUNAL AREA INVESTMENT TOTAL	-	500,000	2,500,000	2,500,000	2,927,200	8,427,200
INTERNAL WORKS TOTAL	2,863,970	2,832,497	3,733,747	4,144,146	5,906,272	19,480,632
OTHER PLANNED ELEMENTALS TOTAL	1,092,970	1,269,100	1,332,000	1,332,000	1,482,000	6,508,070
GARAGES & OUTHOUSES TOTAL	2,600	130,027	250,000	250,000	250,000	882,627
IT UPGRADE TOTAL	0	0	0	0	0	0
GV MASTERPLAN DELIVERY TOTAL	200,000	500,000	9,200,690	10,963,000	20,162,399	41,026,089
COUNCIL HOUSING INVESTMENT TOTAL	38,567,302	51,852,151	65,043,752	75,180,638	75,995,654	306,639,497
Stock Increase Programme						
Stock Increase Programme	2022/23 Full Year	2023-27 Programme				
	2022/23 FY Budget	2023/24 FY Budget	2024/25 FY Budget	2025/26 FY Budget	2026/27 FY Budget	5 Year Total FY Budget
STOCK INCREASE PROGRAMME TOTAL	£34,900,425	£53,209,086	£109,833,063	£75,334,348	£72,482,258	£345,759,180
HRA PROGRAMME TOTAL (Council Housing Investment + Stock Increase)	£73,467,727	£105,061,237	£174,876,815	£150,514,986	£148,477,912	£652,398,67
Non HRA Programme						
Non HRA Programme	2022/23 Full Year	2023-28 Programme				
	2022/23 FY Budget	2023/24 FY Budget	2024/25 FY Budget	2025/26 FY Budget	2026/27 FY Budget	5 Year Total FY Budget
Non-HRA REGENERATION TOTAL	18,000	18,000	18,000	18,000	18,000	90,000
Non-HRA PROGRAMME MANAGEMENT TOTAL	377,000	377,000	377,000	377,000	377,000	1,885,000
HOMES & LOANS TOTAL	1,205,809	0	0	0	0	1,205,809
PRIVATE HOUSING STANDARDS TOTAL	145,000	145,000	145,000	145,000	145,000	725,000
OTHER CAPITAL WORKS TOTAL	3,284,123	0	0	0	0	3,284,123
NON-HRA SUMMARY TOTAL	5,029,932	540,000	540,000	540,000	540,000	7,189,932
GRAND TOTAL	£78,497,659	£105,601,237	£175,416,815	£151,054,986	£149,017,912	£659,588,609

1.9 The current 2022-23 Housing Capital Programme position is shown in the table below:-

(Figures in £m)

2022-23 Housing Capital Programme Position	Approved	Changes	Planned
HRA Investment in Council Housing (Themes)	38.567	0.00	38.567
HRA Stock Increase Programme	35.044	(0.144)	34.900
HRA Capital Programme Subtotal	73.611	(0.144)	73.467
Non-HRA Capital Programme	5.030	0.00	5.030
TOTAL Housing Capital Programme	78.641	(0.144)	78.497

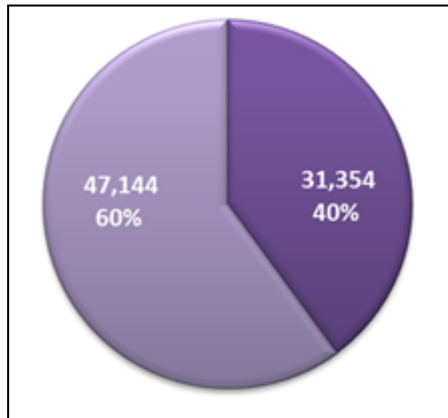
1.10 Expenditure to Date on Budget for 2022/23

1.10.1 The total 2022-23 Housing Capital Programme expenditure to the end of September was £31.354m. This is 40% of the current approved budget compared to the same period in 2021/22 the expenditure to date performance was at £21.714m, 19% of the budget at the time. Although the budget was higher in 2021/22, a higher level and percentage of outturn against the budget position is now being

achieved in 2022/23.

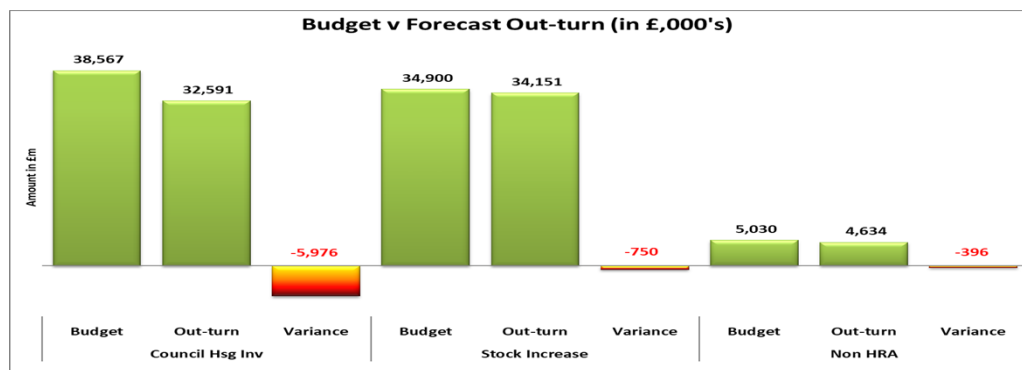
A number of Housing Investment and Stock Increase Programme budgets have been re-profiled to take into account project slippages and changes.

The chart below indicates the expenditure of the programme to the approved Programme budget of £78.498m



1.11 Forecast Out-turn Position

1.11.1 The total Housing Capital Programme year-end forecast out-turn at the end of September was £71.376m. This indicates (£7,122) under the proposed programme budget of £78.497m.



1.11.2 The above chart shows the current forecast out-turn for the Council Housing Investment, Stock Increase and Non HRA Programmes.

1.11.3 The variances for each section of the programme are a combination of procurement (tender savings), programme changes, slippage and updated financial spend profiles.

1.11.4 Within Council Housing Investment, the forecast total underspend of (£5.976m) is mostly related to Single Staircase Tower Blocks, Pitched Roofing Programme and Lift Replacements which have experienced some changes. Further work has been required for lift replacement procurement which has caused some delays to procurement. A new procurement for the Roofing Replacement has now also been necessary following the currently approved roofing contractor entering

into administration which has slowed down spending whilst we re-procure the contract to deliver works to the remaining properties originally included in that project.

1.12 Forecast Out-turn - Summary

Below are highlights on key variations on forecasts for approved projects within the Housing Capital Programme

1.12.1 The Housing Investment – Capital Programme

1.12.1.1 (£0.106m) Obsolete Heating

The spend and outputs has significantly decreased this period due to the service provider working with the Housing Team to prioritise Gas servicing compliance as a priority. This may affect the final budget and original target installations. The intention is still focussed to hit the original budget targets by the end of the financial year.

1.12.1.2 (£1.440m) Single Staircase Tower Blocks

There is an anticipated slippage against the project in-year budget forecast due longer lead in times required for the contractor to start on site and design changes following the contract award. The contractor is still anticipating completing against the contract completion target date.

1.12.1.3 (£0.324m) Lift Replacements

Surveys are currently in progress, however due to the lead in time for the surveys/designs and estimated material delivery timescales of 26 weeks, it is envisaged an Outline Business Case and Procurement Strategy will now be finalised in early 2023 and to procure a new contract for manufacturing, supplying and installing new lifts. The contract is to run for 3 years when awarded.

1.12.1.4 (£3.523m) Roofing Replacements

The forecast underspend in the year 2 phase of the works is a result of the contract being terminated due to the main contractor entering into administration. The forecast profile has considered any potential outstanding valuations due to the contractor and costs of completing outstanding works to 3 houses and 3 blocks of flats. A new procurement will be required to deliver the remaining properties originally included in the project. This is anticipated to be presented following a review of procurement options in early 2023.

1.12.1.5 (£0.110m) Tower Block Flat Roofing

Start of contract is delayed due to extensive tender evaluation clarifications. A revised start on site is now proposed for March 2023. The remainder of the 2022/23 budget will be required over the 27-month duration of the contract, followed by a retention in 2026/27. A project position evaluation will need to take place and be reported to

the HPG with funding allocations reprofiled, as necessary. Leaseholder notifications on the tender outcomes are currently being prepared for prior to contract award approvals.

1.12.1.6 **(£0.354m) Elemental Refurbishments 2021-26**

A number of void properties require structural work and building surveys. This has meant the average property cost has increased that are being evaluated. The cost of materials and labour has risen in some instances impacting on project costs. Contractor is performing well and working closely with the housing team to ensure value for money and, works can be completed within agreed timescales.

1.12.1.7 **(£1.112m) General Acquisitions – Repairs/ Refurbishment**

The forecast position is a result of slow progress on refurbishment via the Elemental works' contractor. Improving performance in line with the terms of the contract is planned. A slow contract start combined with challenges on subcontractor and material availability has contributed to these delays.

1.12.1.8 **£0.381m Council Housing Acquisitions Programme**

The current anticipated overspend is driven by the increase in average purchase costs is driven by the purchase of the new-build 4-bed properties which cost £172k+ each. We have also seen a general increase in purchase costs across the housing market of up to an average of £102k from £82k during 2021/22 period. The outturn variance this month has slightly decreased due to agreed sales in September. Although prices are increasing the total cost of acquisitions still represents good value and in line with the Council approved Acquisitions NPV payback model.

1.12.1.9 **(£0.689) LAD 2 Private Sector Works**

This is a grant funded programme with a range of contract/ funding controls to ensure that external wall insulation works to 27 properties are delivered in line with LAD 2 bid timescales. The current forecast on the external works is estimated at £689k which is being affected by some access to complete some of the measures/ works required for some properties. Further opportunities with funder are at an advanced stage to re-distribute the funding to the social housing EWI workstream. This will be reviewed over the coming period. If approval is given then spend/outputs can be delivered in time available before funding cut-off period.

1.12.2 **Housing Growth - Stock Increase Programme**

1.12.2.1 **(£0.262m) HEMSWORTH Older People Independent Living**

Due to market feedback a two stage procurement is to be used. This programme has changed to reflect this (shorter tender period, slightly longer design period). A revised timescale is proposed and the financial profile adjusted to meet the new programme.

1.12.2.2 **(£0.590m) GAUNT Road -General Needs**

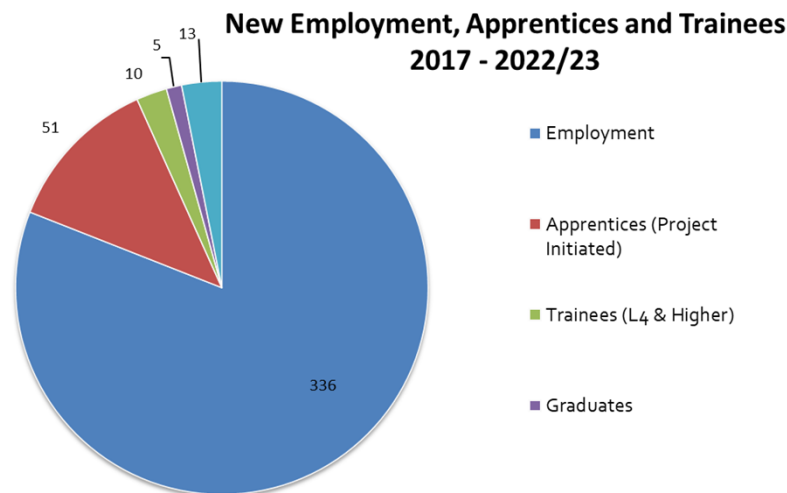
Forecast slippage of £590k in 22/23 and £1.310m in 2023/24 due to delayed start on site and the budget reprofile into 2024/25 will be required.

1.12.2.3 **£0.877m New Build - Phase 16 – Newstead – Enabling Works**

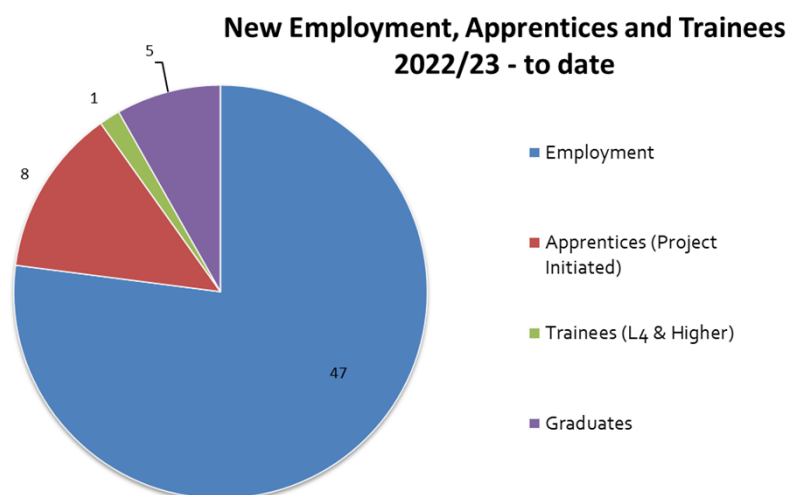
The procurement of Newstead has been reviewed with the enabling works contract being carried out first before the building of the new homes takes place to ensure that both elements are affordable. Works forecast to exceed the approved budget for 2022/23. This has resulted in the budgets for each part being reviewed. This is to be formally changed and future monitoring reports will reflect spending against each element. To date costs are being charged to enabling budget which is then showing as overspend against that budget.

1.13 **Employment and Social Value**

1.13.1 The Housing Investment Programme is achieving significant wider social value from contractors. This information is captured by the Council and published periodically. As part of our procurement of the capital programme contracts, requirements are included during the procurement process and contract delivery for delivering against social value requirements which include supporting local employment and upskilling opportunities (through work experience and apprenticeships). The charts below report on these for the periods of 2017 to date:



1.13.2 To date during 2022/23, the chart below illustrates the report on local employment upskilling opportunities



1.14 Customer Engagement

1.14.1 The Housing Investment Programme (Capital) is made up of work areas to ensure we are compliant with regulations, works that will protect the life of our assets and make areas great places to live. Consulting on and planning the capital programme with tenants is a priority for the Council, so it includes tenants' priorities. Scrutiny on the delivery of the Housing Investment Programme is managed through tenant governance boards and performance reports.

1.14.2 Engagement with key stakeholders including significant consultation with residents and local members is anticipated to take place as part of developing each project proposal contained within the programme through written communication, workshops and consultations events throughout the lifetime of the programme.

When the 2023/24 Housing Investment Programme is approved this year by the Housing Policy Committee this will also be broken down by local areas so that this can be presented to Local Area Committee's as well as local tenant forums currently in place.

1.15 Improvements to properties – Summary outputs

1.15.1 The Capital Programme has delivered so far (2022/23) over 600 new boilers/ central heating systems. We have also completed delivering 345 adaptations including installation of stairlifts to properties with vulnerable customers. 112 properties have received completed retrofitted insulation and ventilation works through the LAD2 project which benefited from government external funding. A further 443 properties have now received new roofs and loft insulation where this is required. 1494 homes have received electrical upgrades and are now compliant with the Electrical Safety regulations. The elementals programme has had a slow start due to issues reported above but is likely to deliver new kitchens, bathrooms, electrical upgrades to hundreds of properties. Fire Safety works are also on track delivering a programme of fire protection measures to single-storey high rise and

high-risk buildings this year.

- 1.15.2 The Gleadless Valley masterplan has recently been launched with circa £100m of investment to be delivered including 221 new homes, 72 homes remodelled and the remaining stock on the estate being refurbished over the next 15 years as part of a comprehensive programme of regeneration improvements.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 That the Housing Policy Committee note the progress made against the latest approved position on the Housing Investment Programme for 2022/23.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 There has been no consultation on this report other than tenant scrutiny performance reporting. The budget approval process itself for each project/programme contained within the Housing Investment Programme do involve significant consultation and engagement with tenants, residents, local members and with key stakeholders.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. It is expected that each individual project will use equality impact analyses as a basis for the development of their project and budget proposals.

4.2 Financial and Commercial Implications

- 4.2.1 The report sets out the current year position of the Housing Capital Programme, as such there are no direct financial implications

4.3 Legal Implications

- 4.3.1 The report is a financial updating report that sets out the current year position of the Housing Capital Programme. There are no new or additional legal implications arising from the report for consideration.

Individual reports on of the three component parts of the Housing Capital Programme being (1) Council Housing Investment, (2) Stock Increase Programme and (3) the Non-HRA Capital Programme should set out any relevant legal implications.

4.4 Climate Implications

- 4.4.1 There are no direct climate implications arising from this report. It is expected that individual projects will consider climate implications as they develop their project and budget proposals in due course.

4.4 Other Implications

4.4.1 *There are no other implications to consider*

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 *No alternative options are considered as part of this update report.*

6. REASONS FOR RECOMMENDATIONS

6.1 This report is to provide the Housing Policy Committee members with an update on progress against the approved 5-year approved Capital programme.

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