

**REPORT TO:** CABINET

**DATE:** 28 MARCH 2019

**TITLE:** HTS (PROPERTY AND ENVIRONMENT) LIMITED  
CONTRACT AWARDS 2019/20

**PORTFOLIO HOLDER:** COUNCILLOR MARK WILKINSON, PORTFOLIO  
HOLDER FOR HOUSING

**LEAD OFFICER:** ANDREW MURRAY, HEAD OF HOUSING (01279)  
446676

**CONTRIBUTING OFFICER:** WENDY MAKEPEACE, SENIOR HOUSING  
OPERATIONS MANAGER (01279) 446342

**This is a Key Decision**  
**It is on the Forward Plan as Decision Number I009744**  
**Call-in Procedures may apply**  
**This decision will affect no ward specifically.**

**RECOMMENDED that:**

- A** The following Business Cases are awarded to HTS (Property and Environment) Ltd subject to clarification and agreement on the terms and conditions, and that separate contracts are entered into for each activity not exceeding the values set out below:

a) Internal Works	£930,000
b) Aids and Adaptations	£900,000
c) Compliance	£1,800,000
d) Environmental Estate Works	£100,000
e) External Works	£320,000
f) Garages	£350,000
g) Communal Boilers and Heating	£1,400,000
<b>TOTAL</b>	<b>£5,800,000</b>

**REASON FOR DECISION**

- A** To enable the Council to implement the Housing Revenue Account Asset Management plans and to continue its programme of improving its housing stock to maintain the Governments Decent Homes Standard, wider Housing Investment Programme (HIP) priorities and its statutory obligations.

## **BACKGROUND**

1. On 1 February 2017, the Council established HTS (Property and Environment) Ltd (HTS) as a wholly owned Local Authority Trading Company (LATC).
2. In accordance with the new Service Agreement, HTS is required to undertake housing capital works programmes as part of the Council's wider HIP programme. A new business case and methodology process was approved which required detailed programme of works information to be provided to HTS for them to submit a series of Business Cases for the Council to evaluate and consider for approval.

## **BUSINESS CASE 2019/20**

3. HTS' housing capital works allocations total £5.8 million for 2019/20. This is year three allocation as part of a five year programme totalling £29 million up to 2021/22. This forms part of the Council's priorities for HTS' Balanced Scorecard.
4. The published Business Case timetable for submission was 25 January 2019 for the Quality Response Document and 1 March 2019 for the priced documents (8 March for Communal Boilers and Heating), and all Business Cases have now been submitted in accordance with the requirements the Service Agreement Schedule 2 for capital works approval and governance.
5. The proposals received, in accordance with the prescribed format for Business Cases set out within the Service Agreement, includes an analysis of all costs and value added benefits associated with the proposal to allow an assessment of Value for Money against a set of defined criteria, including but not limited to:
  - a) Price
  - b) Evidence of price comparisons and benchmarking
  - c) Quality of service to be measured against Key Performance Indicators (parameters, measurements and targets to be agreed on a work package basis)
  - d) Safety, Health and Environment (SHE) method statement and risk assessment
  - e) Delivery timescales (including contract programming implications)
  - f) Customer Support/Delivery Team/Resident Liaison Officer Service
  - g) Details of defect liability period and provision for cover
  - h) Supply chain management
  - i) Social Value Act 2012

- j) Where works are required to Leasehold properties provide a commitment to, and explanation of the process used, enabling the Council to recover costs in line with The Services Charges Regulations 2003.
- 6. The Business Cases were submitted to the Council for internal and external validation prior to approval. All Business Cases were subject to an independent overview and assessment by Barker Associates Limited.
- 7. To ensure compliance with the Business Case Schedule 2 Methodology and Services Agreement contractual requirements, a robust internal evaluation process is also undertaken by the Council to ensure that all aspects of the submission comply.
- 8. A list of properties and specification requirements have been identified from the Council's Housing Asset Management Plan, in line with the investment principles established in the revised Housing Revenue Account (HRA) Business Plan approved in January 2019. Details of the works packages and allocations are shown below.

#### **Internal Works - £930,000**

- 9. These works form part of the Council's wider HIP which target internal works to Council homes. Works to individual properties include the replacement of kitchens, bathrooms, rewires and new boiler installations. The works target resources to ensure homes meet the Governments Decent Homes Standards are maintained and that local priorities are addressed.

#### **Aids and Adaptations - £900,000**

- 10. This allocation forms part of the Council's ongoing commitment to suitably adapt properties for its tenants with disabilities. These works include minor and major adaptations such as grab rails, wet rooms, stair lifts and extensions to provide additional accommodation on the ground floor.

#### **Statutory Testing and Compliance – £1,800,000**

- 11. This allocation forms part of the Housing regulatory requirements, and comprises of the testing, inspection, and installation of electrical works which include fixed wired installations, property rewires, statutory testing, and inspection.

#### **Environmental Estate Works – £100,000**

- 12. This allocation will be used for the enhancement of housing estates and will enable the continuation of the ongoing Environmental Improvement works commencing 2018/19.

### **External Works – £320,000**

13. These works form part of the Council's HIP which has established a Modern Homes Programme that targets external works packages to Council homes. Works to individual properties include the replacement of entire roof coverings with insulated designs, and the fascia, soffits and rainwater goods.

### **Garages – £350,000**

14. This allocation will deliver improved standards of the rented garage stock and provide additional unallocated parking in areas of acute need. Works include new roofs, including fascia and rainwater goods, and replacement garage door sets with enhanced security features. Other terraces will be demolished and formed into marked hardstand spaces.

### **Communal Boilers and Heating – £1,400,000**

15. This allocation forms part of the Council's ongoing commitment to take a proactive approach to energy efficiency targeting resources to eliminate the risk of fuel poverty. The work focuses on improving the energy efficiency and maintenance liabilities of the aged communal boilers and heating installations in complexes.

### **Governance**

16. New methodology is in place for the governance, reporting, delivery, and monitoring of HTS' delivery. The performance will be monitored and reported regularly to the Cabinet. The reporting will cover issues of works costs, quality, customer satisfaction, and wider resourcing to enable the Council to benchmark against other Contractors, and its five year Housing Asset Management plans.
17. HTS will need to comply with the contractual requirements of the Contract by providing data, information and attendance at meetings as required (including performance reports to the Programme and Project Management Group, Tenancy and Property Panel and Budget Review meetings). All individual programmes will be subject to a formal, contractual Mid-Year Review which will assess the productivity, cash-flow and completion programmes.

### **Next Steps**

18. The HRA Business Plan was approved by Cabinet in January 2019 and individual 'Project Orders' will be issued by the Council against the budgets identified above. Further works, and the equivalent funding, may be identified throughout the year for which these contracts would be an appropriate, efficient and cost effective method to deliver the Council's requirements for investment.
19. Any additional works identified by the Council that would result in the approved budget being exceeded, shall be the subject to a separate report to the relevant Portfolio Holder or the Cabinet, and subject to their subsequent approval prior to any additional works being commissioned.

## **IMPLICATIONS**

### **Place (Includes Sustainability)**

None specific.

**Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning**

### **Finance (Includes ICT)**

The contract awards will be met from the allocations set out within the approved 2019/20 Housing Capital Programme. Whilst the final costs of the Statutory Testing and Compliance and Internal Works packages are higher than the specific allocations within the programme, the contract awards will be managed within the overall context of capital resources available and as approved by Council in February 2019.

**Author: Simon Freeman, Head of Finance and Deputy to the Managing Director**

### **Housing**

These programmes of work will enable the Council to:

- a) Deliver its commitments to maintain its properties to a lettable standard.
- b) Meet its obligations to achieve Decent Home targets.
- c) Maintain the overall level of statutory compliance.
- d) Help increase tenant satisfaction with the improving standard of its properties.
- e) Provide opportunities for the tenant's to reduce their energy consumption.

If the works packages are not approved, this will have implications on delivering the Housing Capital Programme and maintaining the Decent Homes standard. There will also be knock-on effects to the repair budgets, voids turn-over and resident satisfaction.

**Author: Andrew Murray, Head of Housing**

### **Community Wellbeing (Includes Equalities and Social Inclusion)**

These works will have a positive impact on the quality of life in Harlow.

**Author: Jane Greer, Head of Community Wellbeing**

### **Governance (Includes HR)**

The business cases referred to above were procured in compliance with the Council's Contract Standing Orders.

**Author: Simon Hill, Head of Governance**

## **Appendices**

None.

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

HTS – HTS (Property and Environment) Ltd

HIP – Housing Investment Programme

LATC – Local Authority Trading Company

SHE - Safety, Health and Environment

KPI – Key Performance Indicators