

CABINET

Report Title	Housing Capital Delivery Update		
Date of Meeting	Wednesday, 9 April 2025		
Report Author	Sarah Ager, Gwen Haq		
Lead Officer	Executive Director - Place		
Lead Cabinet Member(s)	Cabinet Member for Housing & Sustainable Development		
Why is this a key decision?	1. Expenditure over £1 Million+		yes
	2. Significant impact on 2 or more wards		yes
Wards Affected	(All Wards);		
Is the report urgent?	No		
Reasons for urgency (only where applicable)	N/A		
Appendices (if any)	1. Appendix 1- Housing Capital Delivery (contract sums/duration)		

1. Executive Summary

- 1.1 The purpose of this report is to provide an update as to progress in relation to the current housing capital programme and set out the detail of proposed expenditure during 2025/26.
- 1.2 The report also seeks approval to the procurement activity required in order to deliver the 2025/26 housing capital programme.

2. Recommendations

The Cabinet is recommended to: -

- 2.1 Approve the proposed housing capital programme 2025/26 as set out in this report.
- 2.2 Delegate authority to the Executive Director of Place, in consultation with the Executive Director of Finance and Transformation, to prepare tender documentation, conduct appropriate procurement processes and to award contracts in relation to the following as attached at Appendix 1, in accordance with the Procurement Act 2023 and the Council's Procurement and Contract Procedure Rules, in relation to the Housing Revenue Account (HRA) Repairs and Maintenance service:
 - Fire and Building Safety
 - Major capital works and structural integrity
 - Decent Homes and property improvement
 - Retrofit and Decarbonisation
 - Estate and Infrastructure improvement
- 2.3 Delegate authority to the Assistant Director - Legal and Assurance to enter or execute under seal any contract documentation to give effect to the proposals in this report.

3. Proposals – Reasons for the recommendation

- 3.1 This programme of delivery and associated award of contracts will enable the council to conduct capital investment to its social housing stock, ensuring compliance with Building and Fire Safety Regulations, whilst also supporting the council's goals for decarbonisation, reducing fuel poverty, and aligning with the councils adopted Asset Management and Compliance Strategy.
- 3.2 The housing capital programme is funded through the Housing Revenue Account (HRA) and addresses the need to invest in the council's housing stock in line with the council's priorities and ensures that properties remain compliant with the regulatory framework for social housing.
- 3.3 Housing capital expenditure is financed through borrowing from the HRA, which repays the debt using rental income. Therefore, borrowing for capital investment must be prudent and sustainable in the long term.

Factors Influencing the Development of the Housing Capital Programme.

- 3.4 On October 30, 2024, the council received a 'C3' Regulatory Judgement from the Regulator of Social Housing (RSH), highlighting significant failings in the council's delivery of the outcomes required under the Consumer Standards Regulatory Framework. The RSH stated that the council, '*...has been unable to provide evidence that it has a sufficient understanding of its homes to deliver the outcomes in the Safety and Quality Standard and we cannot be assured that the council is providing homes of decent quality to its tenants....*'

- 3.5 To resolve the weakness identified, the council is currently conducting stock condition surveys to gather relevant data for 100% of its stock (approximately 28,000 properties), with survey completion scheduled for December 2026.
- 3.6 A programme of external wall reviews is also being conducted on all High-Risk Buildings to assess the regulatory compliance of the council's high-risk residential blocks concerning fire safety, following Cabinet approval on 17 July 2024.
- 3.7 In accordance with the councils adopted Asset Management and Compliance Strategy, investment programmes will be developed based on a "most urgent first" approach. As stock condition data is collected, this will enable the creation of intelligence-driven programmes, ensuring that properties requiring investment for decency and compliance will be prioritised in future programmes.
- 3.8 During May 2022, Cabinet approved the installation of sprinklers in all high-rise blocks at an estimated cost of £16.8m. Due to subsequent compliance issues identified in the blocks and the need to prioritise broader building safety concerns, it is proposed that the decision to install sprinklers be reviewed. This will involve a comprehensive review of the proposal and detailed assessment of cost implications, informed by the data and intelligence gathered from the high-rise surveys and will be brought back to Cabinet to enable it to make an informed decision on future approach in due course.
- 3.9 Cabinet has also approved the refurbishment of Allen House, and Moorlands and St. Giles at a total estimated cost of £23m. Lessons learned from current refurbishments, alongside the change in industry costs driven by construction related inflation have resulted in a need to review the projects. During 2025/2026 it is proposed that initial scoping and design be undertaken to inform a detailed options appraisal process to determine the future investment requirements of the blocks in question, which will be presented to a future meeting of Cabinet for consideration.

Capital Programme for 2025/26

- 3.10 During February 2025, Cabinet approved a £56.943m housing capital investment programme for the councils housing stock. The delivery profile for 2025/2026 considers the need to address issues identified through the intelligence gathered from both stock condition surveys and the results of the high-risk building surveys, whilst also responding to previous commitments made and approved by Cabinet. A summary of the programme is set out in the table below, with narrative provided to summarise the intended investment priorities.

Classification	2025/2026 £
High Rise and Building Safety Delivery	£4,900,000
Aids and Adaptations	£3,000,000
Major Capital Projects	£11,692,000
Home Improvements	£22,600,000
Estate Improvements	£2,245,000
Riverside PFI	£2,000,000
Transformation and Capital Salaries	£3,506,000
Other projects (approved and contingency)	£7,000,000
Total Budget Approved at Cabinet	£56,943,000

High Rise and Building Safety Delivery

- 3.11 A proportion of the approved budget will be used to support various programmes aimed at ensuring that the requirements of current Building and Fire Safety legislation are met. This will include remediation to insulation that has been identified as part of the current comprehensive surveys and intelligence gathered from historic surveys, fire door replacement and the replacement of door entry systems as well as the continuation of the window restrictor programme, supporting the safety of our tenants and minimising the risk of injury.

Aids and Adaptations

- 3.12 In accordance with previous Cabinet decisions, £12m has been allocated for aids and adaptations in council-owned stock over a four-year period. £3m will be allocated during 2025/26 to deliver this commitment and continue providing the much needed and valued service to our residents, enabling those with disabilities to live independently in their homes.

Major Capital Projects

- 3.13 Cabinet approved the reprofile of the capital investment programme in September 2024 to accommodate the additional spending required for current major projects, including The Lakes, Darley House, Alfred Gunn House, and Thorn Close. As part of the reprofile, expenditure of £10.5m was included in the 2025/2026 budget to ensure the completion of these projects. To support new major capital projects, a proportion of the approved budget will be allocated to improve the structural integrity of homes which have been identified with defaults, including innovative construction methods and, where necessary, demolition.
- 3.14 Following the successful refurbishment of six units at Walker Grange during 2024/2025, it is intended that the approved budget will enable the refurbishment of an additional six units within the complex.

Home Improvements

- 3.15 No major capital home improvement programmes are proposed for 2025/2026 whilst the condition of the councils housing stock is assessed. There is, however, a requirement for additional capital expenditure to undertake the replacement of key components within our housing stock that are unsuitable for repair due to age or condition. A proportion of the approved capital budget will be allocated to support this process, including addressing the capital element of the repairs backlog and the void programme, ensuring that we continue to maintain safe, warm, and decent homes for existing and new tenancies.
- 3.16 It is intended that there will be an allocation from the approved budget to facilitate implementation of Smart Home Technology. This technology will be installed in homes affected by damp and mould issues to support data intelligence and long-term remediation efforts. Additionally, it will aid in gathering data related to energy efficiency and contribute to reducing fuel poverty.
- 3.17 A programme will be developed focused on retrofitting properties ensuring that future capital works, guided by stock condition data, are both effective and efficient and provide the best value for money. The programme will include innovative works on demonstrator homes across various locations and property types within our stock. This will facilitate the effective installation of efficiency measures, efficiency monitoring, SAP ratings, carbon abatement, and customer engagement. The goal is to gather lessons learned and data intelligence to inform and enhance future programmes.
- 3.18 Cabinet has previously approved the acceptance of grant funding from the West Midlands Combined Authority (WMCA) of £5.5m, from its Social Housing Decarbonisation Fund (SHDF). The grant will enable implementation of thermal efficiency measures in 625 of our properties. This investment required a total match funding from the council of c. £16 million. During 2025/2026, £9.25 million of the approved budget will be used to match the grant, in accordance with the relevant grant conditions.
- 3.19 The delivery plan includes the allowance of a contingency which will allow any urgent works identified during stock condition surveys.

Estate Improvements

- 3.20 Many unadopted roads on council housing estates remain the repair responsibility of the Housing Revenue Account. Some need repair or replacement. Intelligence collated from the relevant inspection process will be used to prioritise this investment and it is intended that an allocation will be made for this work to be completed within 2025/2026 on a risk analysis basis. An element of the approved budget will be also allocated to redevelop play areas, as part of a previous committed, as well as supporting the recycling collection program in High Rise Blocks.

Existing Commitments

- 3.21 There are several items that relate to committed spend from retentions, staffing recharges, investment into housing transformation and payment to the Private Finance Initiative (PFI) Riverside, because of existing projects and approvals, which are contractually committed.

Housing Capital Programme Delivery Model

- 3.22 To successfully deliver the identified programme elements, there is a need to engage with the market through a compliant procurement process to allow for the procurement of specialist contracts to deliver the investment. A review of current contracts has been completed to identify where there are opportunities to provide improved value for money. Where possible the provisions of the contracts will be combined to ensure the most efficient and effective use of resources. There is a requirement to commission a range of works related to.
- Fire and Building Safety
 - Major capital works and structural integrity
 - Decent Homes and property improvement
 - Retrofit and Decarbonisation
 - Estate and Infrastructure improvement
- 3.23 It is anticipated that the duration of the contracts will be for two years to deliver the known capital programmes, whilst a longer strategic approach is considered to align with the long-term investment plan being developed from the stock condition outcomes.

4. Alternative Options Considered

- 4.1 **Option 1** would be to not deliver the programme. This would lead to a degradation in the quality of the councils housing stock and a failure to comply with the regulatory framework for social housing and relevant fire and building safety requirements. This option is considered inappropriate.
- 4.2 **Option 2** would be to deliver the capital investment in 2025/2026 via 'ad hoc' arrangements rather than procured contractors. This could lead to dissatisfaction amongst tenants, disrepair, and potential sanction or further regulatory downgrading from the Regulator of Social Housing. Furthermore, the council could not demonstrate that value for money has been achieved. This option is considered inappropriate.

5. Financial Implications

The budgets for the identified contracts detailed above are a total of £56.943m with existing contracts making part of this sum (specifically in relation to A&A and SHDF). The new contracts will be one year plus a potential one-year extension, to ensure there is continuity to delivery. The funding for 2025/26 can be met from within the approved HRA budget for capital investment of £56.943m.

Through planned mobilisation stages, effective regular contract reviews and engagement with the supplier market, coupled with spend monitoring, the council will consider variations to the original contract throughout its term to ensure that it remains value for money and achieves continuous improvement in service delivery.

6. Legal and Governance Implications

- 6.1 The proposals outlined in the report are to support the Council's compliance with the regulatory framework for social housing and relevant fire and building safety requirements.
- 6.2 All contracts to deliver the programme must be procured in accordance with the Council's Contract Procedure Rules. Contracts which fall within the scope of the Procurement Act 2023, must be procured in accordance with the Act.
- 6.3 Legal Services where instructed will advise and assist officers with regard to the above and any contractual arrangements.

7. Risks

- 7.1 Delays to approval may require mitigating actions to avoid risks occurring. There are reputational and legislative risks including legal challenges caused by levels of housing disrepair. A high-quality repairs and improvement service is a key element in the provision of good quality rented housing. Also, it is an essential element in achieving high levels of tenant satisfaction, improving the landlord and tenant relationship, and protecting health and safety.

8. Equality and Diversity Implications (including the public sector equality duty)

- 8.1 Services and associated works will be undertaken to all properties where required and identified, and as such an assessment has not been undertaken.

9. Other Relevant considerations

Health and Wellbeing

The work will ensure that the council's housing stock remains fit for purpose and buildings remain in appropriate condition for all tenants. These contracts will enable the Asset Management and Maintenance Teams to invest in Sandwell MBC properties, helping towards better lifestyles through appropriate and well-maintained properties.

Social Value:

Social Value will be achieved through the inclusion of various schemes and initiatives evaluated during the procurement process, and these will be contained within the formal contracts with the successful contractors and monitored throughout the term of the contract via effective contract management reviews. The plan will include contractual performance indicators

such as work experience placements, apprenticeships in addition to school engagement, back to work schemes, free training, and community activities. Due to the nature of the works and the requirement for ongoing, fast paced turnarounds in completion of works it is imperative for most contracts that there is a supply of local workforce to meet the demands of a reactive repairs service. Helping with local employment opportunities through our contracted partners.

Climate Change:

The measures in this report will help deliver improved energy-efficiency of homes which will reduce energy bills and help to address fuel poverty, allowing vulnerable residents to enjoy more comfortable lives.

Through each Procurement selection process, and subsequent contract management reviews, evidence can be collated to support the Council's climate change target to achieve carbon neutrality by 2041.

The proposals contained in this report are entirely commensurate with the Council's climate change priorities and will help to support:

- Reduced carbon and greenhouse gas emissions
- A reduction in fuel poverty
- Improved health and wellbeing

Inclusive economic growth – reduced fuel bills should allow more money to be spent locally

Corporate Parenting:

All contracts will include the appropriate level of safeguarding clauses and implementation of policies required. This will be reviewed during the mobilisations planning and during the contract management reviews to ensure it is kept as a high priority. Information sharing will also be carefully managed and continually reviewed.

10. Background Documents

- Asset Management Investment Programme for Housing 2023-24 (18 Jan 2023)
- Housing & Asset Management Procurement Approvals (17 January 2024)
- Appointment of Building Safety Consultancy Services (17 July 2024)
- Funding for Major Capital Projects (11 September 2024)
- Medium-Term Financial Strategy and Draft Budget 2025/26 (5 February 2025)

11. How does this deliver the objectives of the Strategic Themes?

Growing Up in Sandwell	It is essential Sandwell MBC keeps all its residential housing Stock in good condition and conforming to all current regulatory acts and legal requirements. This ensures all properties meet The Housing Regulation Act
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	<p>(2023) and current Consumer standards. All young persons living in Sandwell MBC provided accommodation should be assured that the accommodation is fit for purpose and adheres to current social housing regulation and legislation, the contracts requested for delegation in this report are fundamental to maintaining these standards. It is well known that a safe, warm, well-maintained home can have a direct impact on the wellbeing of a young person. It is our objective through the mentioned contracts to continue to supply and offer homes of the required set standards to make sure our young residents and children have a safe, well-maintained homes to be able to thrive in Sandwell.</p>
Living in Sandwell	<p>The delivery of specific contracts will support Sandwell's approach towards reducing crime and anti-social behaviour levels and making communities a safer place to live and socialise by maintaining and improving the places and housing where people live.</p> <p>Sandwell MBC strives to provide distinctive towns and neighbourhoods that are successful centres of community life, leisure, and entertainment where people increasingly choose to bring up their families. The delivery of these contracts will deliver improvements to our housing stock and the surrounding areas in which they are located, to promote families choosing to move into and stay in Sandwell and being proud of the town and area in which they live.</p>
Thriving Economy in Sandwell	<p>The delivery of these contracts will support investing in businesses, people and jobs that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements. Social Value will be included in all contracts and be monitored via effective contract management reviews with suppliers.</p>
Healthy in Sandwell	<p>To Maintain a Healthy Lifestyle, it is important the homes we live in help promote Health and wellbeing. The condition of a person's home can impact the health and mental health of a person, and it is Sandwell MBC's duty of care to provide adequate, safe, warm homes to help maintain a Healthy lifestyle. The contracts required form part of a wider holistic approach to people's health outcomes by providing good condition homes.</p>
One Council One Team	<p>Asset management and Improvements are one area of the wider Sandwell MBC team under the executive Directorate of Place and manage over 28,000 properties. The contracts allow for a more seamless journey to repairs of housing stock for employees and Customers. Allowing for an improved Customer journey. This strengthens the one Council one team approach.</p>

Relevance Check

Budget Reduction/Service Area:

Service Lead

Date:

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

N/A

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service that you provide?

N/A

Is a Customer Impact Assessment needed? No