



AGENDA ITEM: 14

**CABINET:
20 JANUARY 2009**

**EXECUTIVE OVERVIEW AND
SCRUTINY COMMITTEE:
5 FEBRUARY 2009**

Report of: Executive Manager Housing and Property Maintenance Services

Relevant Portfolio Holder: Councillor Val Hopley

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**SUBJECT: PUBLIC SECTOR HOUSING CAPITAL INVESTMENT SCHEMES AND
PROGRAMMED WORKS PROJECTS - 2009/2010 - INCORPORATING
DECENT HOMES UPDATE AND CAPITAL INVESTMENT PLAN
REVIEW**

PH/WB/BC/2.868cabeosoun
8th January 2009

District wide interest

1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval to award work to the contractors within our framework to deliver elements of the 2009/2010 programme and invite tenders/quotations for the 2009/2010 contracts outside the framework.
- 1.2 To inform Cabinet/Council on the progress officers have made on implementing the Decent Home Standard within the public housing stock.
- 1.3 To provide Cabinet/Council with details of an amended indicative 10-year investment plan for improvements to the Council's housing stock.

2.0 RECOMMENDATIONS

2.1 RECOMMENDATIONS TO CABINET

- 2.1.1 That the Housing Portfolio Holder be given delegated authority to submit firm proposals to Council on 25 February 2009 to enable the Public Sector Housing Capital Investment Schemes and Programmed Works Projects in the 2009/2010 financial year totalling £5,792,303 detailed in Paragraph 8 of this report, along with the 2011/2012 and 2012/2013 programmes included in Appendix A to the

report, to be approved, subject to any amendments which are necessary as a result of agreeing the Housing Revenue Account (HRA) Estimates 2009/10 and the Medium Term Capital Programme.

- 2.1.2 That the updated indicative 10 year investment plan attached at Appendix B to the report, which sets out indicative house improvement programmes, inclusive of allocated professional fees, which aim to achieve good maintenance practice and meet the Decent Home Standard by 31st December 2010 and maintain the standard in further years be endorsed.
- 2.1.3 That the Executive Manager Housing and Property Maintenance Services, in consultation with the Housing Portfolio Holder, be given delegated authority to award work to contractors within our framework agreement to deliver the 2009/2010 programme and to invite tenders and accept the lowest suitable tender for the contracts above £30,000 in value that fall outside the framework agreement.
- 2.1.4 That the Executive Manager Housing and Property Maintenance Services, in consultation with the Housing Portfolio Holder, be given delegated authority to seek tenders for the provision of pre-painting repairs for 2009/10 with an option for a further two years, following the expiry of the current partnering arrangements with Paragon Group Limited.
- 2.1.5 That the Executive Manager Housing and Property Maintenance Services, in consultation with the Housing Portfolio Holder, be given delegated authority to invite competitive quotations from Contractors, and accept lowest suitable quotations, for the schemes less than £30,000 in value.
- 2.1.6 That it be noted that the programmes and budgets are based on draft determinations received from the Department of Communities and Local Government and that updated figures / programmes will be available at Executive Overview and Scrutiny Committee and Council based on the final settlement figures.
- 2.1.7 That the progress made to date on implementing the Decent Home Standard at paragraph 7 of the report be noted.
- 2.1.8 That call in is not appropriate for this item as it is to be submitted to the Executive Overview and Scrutiny Committee on 5th February 2009.

2.2 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

- 2.2.1 That agreed comments on the Public Sector Housing Capital Investment Schemes and Programmed Works Projects 2009-10, which incorporates a Decent Homes update and Capital Investment Plan Review be made and submitted to the Housing Portfolio Holder in advance of the Council meeting to be held on 25 February 2009.
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3.0 BACKGROUND

- 3.1 This is the Ninth year of the Major Repairs Allowance (MRA) for Public Sector Housing. For financial year 2009/10 the draft determination from the DCLG for West Lancashire District Council is £4,065,997. This resource, together with contributions from the Housing Revenue Account (HRA), plus £260,000 from Transitional Housing Capital Receipts (THCR) and Re-profiled Cat II expenditure, will enable the Council to invest a total of £5,792,303 in Capital Investment Projects and Programmed Works in 2009/10.
- 3.2 An updated Capital Investment Plan incorporating the Decent Home Standard was approved by Cabinet on 16 January 2007. That covered the period 2007 through to 2016. This has been further updated placing more emphasis on officer priorities as the decent homes target is achieved. The investment plan will also be subject to amendment following detailed surveys of homes or changes to the Decent Home Standard criterion. Any amendments to the plan will be reported during February of each year when Members approve the public sector housing capital programme.
- 3.3 The projected investment through to the end of 2010 will work towards meeting the Decent Homes Standard set by government. However, it will not be able to meet all the aspirations of investment by tenants.
- 3.4 Members agreed the Investment Plan for THCR in October 2006. The investment of Capital Receipts in the Council's Housing Stock has been incorporated into the Investment Plan presented to you for approval.
- 3.5 2009/10 will be the third year of the framework agreement for the Public Sector Housing Capital Programme. The financial impact of the new procurement strategy with its increased emphasis on quality is currently being assessed. The findings will be reported to members in due course.

4.0 CONSULTATION

- 4.1 The 2009/10 outline programmes of work and the indicative 10 year investment plan set out in this report are to be consulted upon on the 3rd February Tenants and Residents forum and any substantial comments will be referred to the meeting with an update.

The plan has been drafted taking account of:

- Tenant priorities
 - Decent Home Standard targets set by Government
 - Stock Condition Survey information
 - Response Maintenance Considerations
 - Officer/Surveyor priorities
 - Health & Safety (and other) legislation
- 4.2 In addition to this a T & R working group was established in August 2006 to review our work specifications. The findings of this group have now been incorporated into the plan.

- 4.3 Wherever possible, programmes that were the tenants' priorities were used in developing the work programmes.

5.0 PROGRESS

- 5.1 The 10 year investment plan to address decency was implemented in 2003/04. This has resulted in a significant reduction of our 'non-decency' levels.
- 5.2 On 1st April 2002 40% of our properties failed the DHS. This was reduced to 7.16% as at 1st April 2008.
- 5.3 Further targeted stock condition surveys have been carried out which have refined our decency projections. I anticipate the non-decency percentage to be in the region of 3% following the completion of this year's capital programme. This has facilitated a fundamental review of the 10-year investment plan placing an increasing emphasis on tenants and officers investment priorities (such as kitchens) whilst still ensuring the decency target is achieved. The scope of electrical works projects has been reviewed and upgrade works are now being planned, where possible, rather than full rewiring scheme (Minimising disruption to our tenants). Projections regarding the level of deterioration of roofs have reduced which is again reflected in the updated plan, allowing more investment on tenant and officer priorities.

6.0 CURRENT POSITION

- 6.1 The 2008/09 capital investment programmes are progressing well. I currently estimate we will exceed our 2009/10 decency target of 7.37%.
- 6.2 As the government's deadline to achieve the decent homes approaches detailed monitoring is required. Regular annual updates of our stock condition data will need to be maintained to enable officers to monitor progress and adjust programmes of work as necessary to ensure we have no properties failing the DHS by 31 December 2010 target.
- 6.3 An updated 30 year business plan for the housing division is currently being developed which will address the total housing stock investment needs in addition to those to meet the decent homes standard.

7.0 PROPOSALS FOR THE CAPITAL INVESTMENT PROGRAMME AND PROGRAMMED WORKS SCHEMES

- 7.1 The 2009/2010 Public Sector Housing Capital Investment Programme and Programmed Works have been drawn up taking account of:
- i) Decent Home Standard targets set by the Government.
 - ii) Stock Condition Survey information
 - iii) Health & Safety (and other) legislation
 - iv) Response maintenance considerations
 - v) Priorities of our tenants following a full consultation exercise in February 2002 and 2005

- vi) The views of the Tenants and Residents' Forum, and
- vii) The updated indicative Capital Investment Plan 2009-2018 (appendix B)

7.2 The budget for the Capital Investment Programme in 2009/10 will be allocated into 16 main areas, as follows:

| | | |
|----|---------------------------|-----------------------|
| 1 | Adaptations | £ 481,862.11 |
| 2 | Bathrooms | £ 92,505.77 |
| 3 | Cat II Schemes | £ 346,547.67 |
| 4 | Deck Waterproofing | £ 25,721.12 |
| 5 | Environmental | £ 51,153.43 |
| 6 | Fitness (HHSRS) | £ 35,188.29 |
| 7 | Heating | £ 247,895.14 |
| 8 | I.T. Upgrade | £ 130,861.82 |
| 9 | Insulation | £ 24,410.69 |
| 10 | Kitchens | £ 1,072,164.44 |
| 11 | Roofing | £ 235,975.45 |
| 12 | Sheltered | £ 225,623.83 |
| 13 | Structural | £ 367,665.76 |
| 14 | Windows and Doors | £ 708,798.17 |
| 15 | Wiring | £ 109,269.62 |
| 16 | Professional Fees | £ 361,360.29 |
| | Total of Programme | £ 4,517,003.61 |

* *Funded by £4,065,997 of Major Repairs Allowance, £260,000 of Transitional Housing Capital Receipts plus £191,016 from re-profiled Cat II expenditure.*

7.3 The budget for the Programmed Works Schemes will be allocated as follows:

| | | |
|----|---|----------------|
| 1. | Pre-painting Repairs and Painting Programme | £ 520,000.00 |
| 2. | Stock Condition Surveys | £ 20,000.00 |
| 3. | Central Heating Maintenance | £ 527,000.00 |
| 4. | Asbestos Management | £ 50,900.00 |
| 5. | Adaptations Contribution | £ 157,400.00 |
| | Financed from Housing Revenue Account (HRA) | £ 1,275,300.00 |
| | | ** |

** *Funded by Housing Revenue Account (please note that this funding is detailed in a separate report on tonight's agenda entitled "Draft Housing Revenue Account (HRA) Estimates 2009-2010"*

8.0 PROCUREMENT POLICY

8.1 For work programmes that fall within our procurement framework I propose awarding contracts in February/March with a view of work proceeding early April utilising an open book approach. Where schemes are estimated to be over £30,000 in value outside of the framework, a full tendering exercise will be carried out in line with the procurement policy approved by Cabinet in November 2006.

I will invite competitive quotations for schemes less than this amount in line with the Council's Contract Procedure rules.

- 8.2 I propose to seek tenders for the provision of pre-painting repairs for 2009/10 with an option for a further two years

9.0 SUSTAINABILITY ISSUES/RISK ASSESSMENT

- 9.1 The 2009/10 work programme will substantially improve the existing Council-owned housing stock. In bringing forward the detailed scheme proposals, full consideration will be given to the environmental impacts of the work. We also aim to improve energy efficiency within our homes and work towards meeting Decent Home Standard set by the Government. Well-maintained homes will help to secure sustainable lettings.
- 9.2 Failure to adequately invest in the housing stock may result in value of the Council's housing assets reducing and properties coming into disrepair.
- 9.3 The contract work and related documentation will comply with relevant Health and Safety legislation and in particular with the Construction Design and Management (CDM) Regulations 2007.
- 9.4 In meeting the Decent Home Standard by 2010, the authority will focus investment on the most deprived neighbourhoods or individual cases of poor housing standards. This will improve the public sector housing stock in line with the housing green paper "Quality and Choice – A Decent Home for all". We will improve housing to ensure our stock is desirable for tenants in order to create demand for our homes and secure sustainable lettings.

10.0 FINANCIAL IMPLICATIONS

- 10.1 The total investment requirement for the 2009/10 work programme contained within this report amounts to £5,792,303 of expenditure.
- 10.2 The Public Sector Housing Capital Programme and Programmed Works projects will be funded as follows:

| | £ |
|---|-------------------|
| Major Repairs Allowance | 4,065,997 |
| Housing Revenue Account Contributions | 1,275,300 |
| Re-profiled Cat II expenditure (from previous years THCR&HRA) | 191,016 |
| Transitional Housing Capital Receipts | <u>260,000</u> |
| TOTAL | £5,792,313 |

- 10.3 I estimate that there will be adequate resources from the Major Repairs Allowance to meet the Decent Home Standard target, set by Government, by 31 December 2010. This is on the basis of the current level of MRA funding being sustained by central government.
- 10.4 The projections regarding funding after 2010 are also based on the current MRA funding levels being maintained.

10.5 There is insufficient funding to meet tenant aspirations for house improvements and estate regeneration. This will be addressed in a future 30 year business plan.

11.0 CONCLUSIONS

11.1 Officers propose awarding contracts under the procurement framework for the Capital Programme in February/March.

11.2 Officers continue with their work to improve the information relating to the investment requirement for our stock based on:

- i) further updates to the stock condition database,
- ii) targets set by Government in the Decent Home Standard, and
- iii) detailed consultation with our tenants

11.3 Substantial progress has been made in achieving the decent homes standard. An updated indicative 10-year investment plan has been drawn up by officers as we approach the decent homes standard deadline.

11.4 The authority will be able to meet the government's Decent Home Standard target of bringing all non-decent homes up to standard by the end of 2010 using the Major Repairs Allowance.

11.5 The extent of future decent homes failures is largely dependant on the level of deterioration of building elements. Whilst this can be projected there is room for error. Therefore included in the 10 year indicative plan from 2011 onwards is a provision of monies allocated to newly arising non-decent properties that are not directly addressed within the plan. It is proposed these monies are allocated annually as part of this report so any issues can be addressed.

Background Papers

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report:

1. Housing Investment Programme Submission 2005 to Government
2. Public Sector Stock Condition Survey 1997 (revised 2007)
3. 10 year Capital Investment Plan 2007-2016
4. Report of Executive Manager Housing Services to Council dated 16th September 2003 entitled "Implementing the Decent Home Standard (DHS) – Public Sector Housing Stock.
5. A Decent Home – The Revised Definition and Guidance for Implementation by ODPM.
6. Housing Green Paper 'Quality and Choice – A Decent Home for all'.
7. Procurement Strategy Report
8. Better Homes Better Communities

Equality Impact Assessment

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

Appendices

Appendix A - Housing Public Sector Major Works Programmes (3 year suggested programmes)

Appendix B -Indicative 10 Year Investment Plan for Council Housing Stock