



AGENDA ITEM: 5(i)

CABINET:
18 January 2011

**EXECUTIVE OVERVIEW AND
SCRUTINY COMMITTEE:**
3 February 2011

Report of: Executive Manager Housing and Property Maintenance Services

Relevant Portfolio Holder: Councillor Mrs V Hopley

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**SUBJECT: PUBLIC SECTOR HOUSING CAPITAL INVESTMENT SCHEMES AND
PROGRAMMED WORKS PROJECTS - 2011/12 - INCORPORATING
DECENT HOMES UPDATE**

RVL/WB/DMcC/2.951cabeos
7 January 2011

Borough wide interest

1.0 PURPOSE OF THE REPORT

- 1.1 To present the proposed Public Sector Housing Capital Investment and Programmed Works Projects for 2011/12.
- 1.2 To seek approval to invite tenders/quotations for the 2011/12 contracts.
- 1.3 To inform on the progress officers have made on implementing the Decent Home Standard within the public housing stock.
- 1.4 To seek approval to prioritise capital investment plans for health and safety and energy efficiency measures whilst still achieving the required "decency" standards.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the proposed Public Sector Housing Capital Investment and Programmed Works Projects for 2011/12, incorporating the Decent Homes update be considered and comments be incorporated in the report to be considered by Council on 23 February 2011.

- 2.2 That the Executive Manager Housing and Property Maintenance Services present this report to Executive Overview and Scrutiny Committee and the Tenants and Residents Forum.
- 2.3 That the Executive Manager Housing and Property Maintenance Services be authorised to ensure that the stock condition survey is robust and validated to inform investment decisions from financial year 2012/13 when it is anticipated that the Council will be “self-financing” investment in its housing stock.
- 2.4 That a Housing Self-Financing Cabinet Working Group be established to ensure that the Council is prepared to manage the changes that “self-financing” will bring as referred to in paragraph 7.3 of the report and Cabinet determine the membership arrangements of that Group.
- 2.5 That call in is not appropriate for this item as the report is to be submitted to Executive Overview and Scrutiny Committee on 3 February 2011.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

- 3.1 That the proposed Public Sector Housing Capital Investment and Programmed Works Projects for 2011/2012, incorporating the Decent Homes update be considered and agreed comments be incorporated in the report to be considered by Council on 23 February 2011.
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4.0 BACKGROUND

- 4.1 This is the Eleventh Year of the Major Repairs Allowance (MRA) for Public Sector Housing. For the financial year 2011/2012 the draft HRA Subsidy determination from the Department for Communities and Local Government (DCLG) has been released but the final determination will not be released until late December/January. However, it is estimated to be in the region of £4,061,461. This resource, together with rolled forward MRA £60,000, Housing Revenue Account (HRA) support of £1,275,300, plus £170,000 from available HRA Reserves will enable the Council to invest a total of £5,566,761 in Capital Investment Projects and Programmed Works in 2011/12.
- 4.2 In addition to the above there is also planned investment of £326,000 in sheltered upgrades which is funded from capital receipts. However, the application of available capital receipts funding is the subject of review in the Medium Term Capital Programme to be discussed elsewhere on tonight's agenda. For this reason the planned work has not been included within our Capital Programme.
- 4.3 The projected investment through to the end of 2011 will maintain the Decent Homes Standard set by Government. However this is considered by officers to be a minimum standard, and will not be able to meet all the aspirations of investment by tenants.

- 4.4 2010/11 was the final year of the year of the framework agreement for the Public Sector Housing Capital Programme. A recent review of the procurement options has been undertaken and it was found that, in the current economic climate, greater efficiencies can be achieved by traditional tendering on bespoke contracts.

5.0 CONSULTATION

- 5.1 The 2011/2012 outline programmes of work set out in this report are due to be considered on 13 January 2011 by tenants at the Home Standard Service Improvement Group (SIG) . Any material comments will be reported to Council on 23 February 2011.
- 5.2 Due to increasing energy costs a number of Members have expressed their concern in connection the energy efficiency of council homes despite them meeting the decent homes standard, particularly in relation to homes occupied by elderly and vulnerable residents.
- 5.3 The last borough wide consultation on tenants' priorities was carried out in 2010. The results are shown in Table 1 below:

Table 1: Tenants Priorities for investment

Rank	Improvement
1	New heating system
2	New bathroom
3	New Kitchen
4	New double Glazing
5	New front and rear Doors
6	Environmental works
7	New wiring
8	New Roof

6.0 PROGRESS

- 6.1 On 1st April 2002 40% of our properties failed the DHS. The Council will have achieved the Government's target to have all properties meet the DHS by the end of the 2010 calendar year.
- 6.2 Further targeted stock condition surveys have been carried out during the year to target HHSRS issues (Housing Health and Safety Rating System).

7.0 CURRENT POSITION

- 7.1 The mid year revised 2010/11 investment programme is progressing well and it is envisaged this will be completed within financial year.
- 7.2 The Council updates its stock condition survey on a regular basis. With the changes proposed in the Localism Bill which will take the Council out of the HRA

Subsidy system I propose that further work be undertaken to ensure robustness of the stock condition survey.

- 7.3 I also propose that a Business Plan Group be established to consist of Members, tenants and if appropriate independent Members to ensure that the Council is ready and prepared for the challenges that working outside of the HRA will bring.
- 7.4 If Council is happy with the above approach Cabinet will determine the membership arrangements of the Business Plan Group.

8.0 PROPOSALS FOR THE CAPITAL INVESTMENT PROGRAMME AND PROGRAMMED WORKS SCHEMES

8.1 The 2011/12 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) Fire Risk assessments done in conjunction with Lancashire Fire and Rescue Services (LFRS)
- v) Disability Discrimination ACT (DDA) (now superceded by the Equality Act 2010) audits on sheltered schemes
- vi) Asset management analysis
- vii) Energy Efficiency
- viii) The views of the Tenants and Residents' Forum

8.2 The budget for the Capital Investment Programme in 2011/2012 will be allocated into 6 main areas, as follows:

CAPITAL PROGRAMME		Notes	2011/12
			£
1	Structural works (e.g. Reroofing, rewiring)	*	944,936
2	Energy Efficiency (e.g. Heating upgrades, window and door replacements)	*	884,919
3	Fixtures and Fittings (e.g. disabled adaptations, sheltered upgrades, fire detection upgrades, DDA compliance)	*, a, b	1,504,241
4	Environmental Improvements (including sheltered)	*	287,165
5	Newly Arising Non-Decent Homes	*	520,200
6	Capital works contingency	*	150,000
Total		*	4,291,461

Notes

- * includes provision for professional fees (e.g. architects, surveyors) of approximately 8%
- a includes rolled forward MRA of £60,000 for disabled Adaptations
- b includes £170,000 for fire detection upgrades funded from HRA Reserves

8.3 As previously mentioned in paragraph 4.2 above there is currently £326,000 planned investment in sheltered upgrades that is funded from capital receipts

which has been excluded from the Programme as it is the subject of a capital receipts funding review considered in the Medium Term Capital Programme to be discussed elsewhere on tonight's agenda.

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

PROGRAMMED WORKS	2011/12 £
1 Pre-painting Repairs and Painting Programme	470,000
2 Cyclical Maintenance of Communal Lighting	30,000
Cyclical Maintenance of Gutters	20,000
2 Stock Condition Surveys	20,000
3 Central Heating Maintenance	527,000
4 Asbestos Management and Legionella (Water Testing)	50,900
5 Adaptations Contribution	157,400
Total **	1,275,300

*** 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 for 2011/2012"*

8.5 Members should note that the above figures are subject to change following consideration of the reports on Medium Term Capital Programme, the Draft HRA Estimates on tonight's agenda and to the final HRA final subsidy determination to be announced by the DCLG.

9.0 PROCUREMENT POLICY

9.1 I propose conducting a full tendering exercise for Schemes with a value of over £50,000 commencing March 2011 in line with the Council's contract procurement rules as detailed in the Council's Constitution dated June 2009. I will invite competitive quotations for schemes less than this amount in line with the Council's Contract Procedure rules.

9.2 To meet health and safety priorities, the pre-painting programme for 2010/11 was delayed until 2011/12. For the provision of pre-painting repairs and external painting in 2011/12, I therefore propose to proceed with the second of a three year contract procured in 2009 with Darbyshire Decorating Services. and P.Casey Ltd.

10.0 SUSTAINABILITY ISSUES/RISK ASSESSMENT

10.1 The 2011/12 work programme will substantially improve the existing Council-owned housing stock. We also aim to improve energy efficiency within our homes and maintain the Decent Home Standard set by the Government as well as addressing some Health and Safety issues with older back boiler units. Well-maintained homes will help to secure sustainable lettings.

- 10.2 Failure to adequately invest in the housing stock may result in value of the Council's housing assets reducing and properties coming into disrepair.
- 10.3 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.
- 10.4 We will improve housing to ensure our stock is desirable for tenants in order to create demand for our homes and secure sustainable lettings.

11.0 FINANCIAL IMPLICATIONS

- 11.1 The total investment requirement for the 2011/12 work programme contained within this report amounts to £5,566,761 of expenditure.
- 11.2 The Public Sector Housing Capital Programme and Programmed Works projects will be funded as follows:

	£
Major Repairs Allowance 2011-12	4,061,461
Major Repairs allowance Rolled forward	60,000
Housing Revenue Account Contributions	1,275,300
Housing Revenue Account Reserves	170,000
TOTAL	£5,566,761

- 11.3 I estimate that there are adequate resources from the Major Repairs Allowance to maintain the Decent Home Standard in 2011.
- 11.4 The projections regarding funding after 2012 have been based on the current MRA funding levels being maintained. However, this will not be known until details of the self-financing model are released in 2011.
- 11.5 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.

12.0 CONCLUSIONS

- 12.1 Officers propose awarding contracts for the Capital Programme following competitive tendering which will commence in March 2011.
- 12.2 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
- 12.3 We have delivered the governments target for the Decent Homes Standard and we are well placed to maintain that standard in the future.

- 12.4 Plans for investment 2011/12 have been amended to focus on energy efficiency and addressing health and safety issues.
- 12.5 Extensive borough wide consultation with tenants is proposed to ensure that we focus on tenants' priorities where investment flexibility exists whilst maintaining the decent homes standard, subject to Member approval.

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 2009)
3. 10 year Capital Investment Plan 2009-2018
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 following competitive tendering which will commence in March 2011.
6. Housing Green Paper 'Quality and Choice – A Decent Home for all'.
7. Procurement Strategy Report
8. Housing Health and Safety Rating System Guidance for Landlords published by DCLG May 2006.

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)

PUBLIC SECTOR HOUSING	2011/12	2012/13	2013/14
	£	£	£
CAPITAL PROGRAMME			
Structural Works	944,936	699,903	441,665
Energy Efficiency	884,919	1,243,220	2,273,683
Fixtures and Fittings	1,504,241	922,887	738,919
Environmental Improvements	287,165	584,277	61,350
Newly Arising Non-Decent Homes	520,200	530,600	541,200
Capital Repairs contingency	150,000	150,000	150,000
Total Capital Programme*	4,291,461	4,130,887	4,206,817
PROGRAMMED WORKS			
Pre-painting Repairs and Painting Programme	470,000	470,000	470,000
Communal Lighting Cyclical Maintenance	30,000	30,000	30,000
Gutters Cyclical Maintenance	20,000	20,000	20,000
Stock Condition Surveys	20,000	20,000	20,000
Central Heating Maintenance	527,000	527,000	527,000
Asbestos Management & Legionella (Water Testing)	50,900	50,900	50,900
Adaptations Contribution	157,400	157,400	157,400
Total Programmed Works	1,275,300	1,275,300	1,275,300
TOTAL CAPITAL & PROGRAMMED WORKS	5,566,761	5,406,187	5,482,117
PROGRAMME FUNDING			
HRA Contribution	1,275,300	1,275,300	1,275,300
HRA Reserves Contribution	170,000		
Major Repairs Allowance	4,061,461	4,130,887	4,206,817
Major Repairs Allowance rolled forward	60,000		
Total Programme Funding	5,566,761	5,406,187	5,482,117

** Please note that the above programme excludes investment funded from capital receipts as the use of capital receipts is subject to review in the Medium Term Capital Programme reported elsewhere on tonight's agenda*