

FOR PUBLICATION

HOUSING CAPITAL PROGRAMME: NEW PROGRAMME FOR 2014/15, 2015/16 AND 2016/17(H000)

MEETING:	1. COUNCIL 2. CABINET 3. EXECUTIVE MEMBER FOR HOUSING
DATE:	1. 27 th FEBRUARY 2014 2. 18 th FEBRUARY 2014 3. 31 st JANUARY 2014
REPORT BY:	SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY
WARD:	ALL
COMMUNITY ASSEMBLIES:	ALL
KEY DECISION REFERENCE (IF APPLICABLE):	364

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1.0 PURPOSE OF REPORT

1.1 To seek approval for the public sector housing 'Capital' programme for 2014/15 and provisionally for 2015/16 and 2016/17.

2.0 RECOMMENDATIONS

2.1 That Cabinet recommends to the Council that:

- a) The Housing (Public Sector) Capital Programme for 2014/15 is approved and its procurement, as necessary, be authorised.
- b) The provisional Housing (Public Sector) Capital Programme's for 2015/16 and 2016/17 are noted.
- c) The Operational Services Division share of the Programme be approved.

- d) The Housing Services Manager – Business Planning and Strategy be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.

3.0 **FINANCING THE 2014/15 PROGRAMME AND BEYOND**

- 3.1 The overall financial strategy is still focused on the achievement of the Decent Homes Standard in the short term with the assistance of DCLG funding in the form of the Decent Homes Backlog funding of £5.935 million in 2014/15 (£8.2million in total).
- 3.2 The introduction of Self Financing in the HRA has changed the way in which resources are used and whilst Direct Revenue Financing (DRF) is still available, the longer term funding of the Housing Capital Programme will be substantially dependant on borrowing within the new debt ceiling.
- 3.3 Cabinet has approved revenue support for the Housing Capital Programme to the sum of £16,052 million.
- 3.4 Income from the sale of Council homes under the Right to Buy has diminished over the past several years, although there are signs of a modest upturn in the rate of sales and this could continue when the Governments advertising campaign takes off in this area. 34 sales have been completed in 2013/14 at 1st January 2014, above the self financing assumption of 21. The HRA Business Plan for the coming years assumes levels above the self financing assumptions of 36 in 2013/14, 40 in 2014/15 and thereafter for the next nine years. Additional receipts from Right to Buys exceeding those figures in the self financing assumptions can be retained in Chesterfield for the provision of new affordable housing and this money must be spent within three years and will require a funding contribution of 70% from HRA resources.
- 3.5 The forecast total level of funding available for investment in the stock with the inclusion of the Decent Homes Backlog Funding is sufficient to bring the stock up to 100% Decency by March 2015 based on the last stock condition survey.
- 3.6 An analysis of resources currently available for the 2014/15 Capital Programme is attached at **Appendix 1**.

4.0 **THE 2014/15 AND FUTURE PROGRAMMES**

- 4.1 The introduction of Self Financing in the HRA has opened up the potential to borrow to finance investment in the stock up to and beyond the Decent Homes Standard.

- 4.2 The new Capital Contracts Team and additional posts in our Architectural team, approved by Cabinet in December 2013, will increase our capacity to deliver an increased capital programme over the next two years and allow new build scheme preparations and delivery.
- 4.3 The proposed 2014/15 programme continues to broadly reflect the capital programme used in the HRA Business Plan in previous years and to address needs arising due to the ageing stock as identified in the Stock Condition Survey.
- 4.4 Currently approximately 88.7% of the housing stock meets the Decent Homes Standard and we anticipate this being 90% by the 31st March 2014.
- 4.5 The focus of the programme remains on the modernisation of properties to meet the Decent Homes Standards. Of these works improvements to tenant's kitchens remains the single most popular programme, however, in order to progress to 100% Decency the balance of activity over the next twelve months remains focused on other building elements such as heating, roofs and rewires whilst retaining a reasonable sized kitchen programme.
- 4.6 Many of the Decent Homes Works Programmes were procured in 2013/14 to run through to March 2015 in order to ensure delivery on the ground in 2014/15 does not slip due to any individual contracts ending and being relet.
- 4.7 The **Central Heating Programme** continues to be increased substantially for the next few years in order to remove the risk of large scale heating failures as a result of the age of boilers and the non availability of the required parts.
- 4.8 Financial provision for replacing the **CHP heating system at Staveley and Lowgates** with traditional individual house heating systems has been built into the 2014/15 Capital Programme. This will ensure that residents have more control over their heating system and choice of energy supplier.
- 4.9 The **roof replacement** programme continues to be one of the largest areas of works to ensure that properties meet and continue to meet the Decent Homes Standard. It has been increased in 2014/15 to include the replacement of the roof at one of our Sheltered Housing Schemes – Catherine Court. The programme will also run in conjunction with chimneys, soffits and fascias and rainwater goods, to minimise the need to scaffold.

- 4.10 A new programme is included for the **replacement of aging UPVC windows**.
- 4.11 Provision has been made to commence the replacement of **Fire Alarm Systems in Sheltered Schemes**, continuing our programmes to ensure the risk of fire in premises occupied by our most vulnerable tenants are maintained. This provision will initially be made in the schemes where sprinkler systems have been installed (Catherine Court and Glebe Court) as the current systems are not compatible with the sprinkler systems.
- 4.12 A new programme has been included for **Estate Environmental improvements** which will initially focus on car parking provision on estates, replacement/installation of door canopies and explore in conjunction with Regeneration, the introduction of boundary treatments to open plan aspects on the St Augustines Estate.
- 4.13 **External Wall Insulation** – following the completion of the second phase of external wall insulation at Mastin Moor, this budget will be used to start work on the remaining properties at Grangewood.
- 4.14 Additional provision to commence further works to minimise the risk from **fire in the common parts of flats** has been included following reviews of our Fire Risk Assessments.
- 4.15 Members have already approved the appointment of consultants to consult with residents at **Barrow Hill, London Boroughs Estate** around a programme of environmental improvements and provision has been made for the outcome of this consultation, to include for example, creation of garden space, better parking.
- 4.16 Provision has been made to commence the design work and first phase of a **new build housing scheme** at the former Brockwell Court site.
- 4.17 The **PRC stock** remains one of the key areas for modernisation and a programme of works has been included following the results of a structural survey which will conclude towards the end of 2013/14.
- 4.18 Financial provision has been made to complete a **loft insulation top up** programme to the circa 300 properties where loft insulation levels are below the current building regulations.

4.19 A new Programme has been included for the installation of false pitched roofs on existing flat roofed blocks of flats. There are ongoing maintenance issues with flat roofs, e.g. water ingress and pitched roofs are more aesthetically pleasing. This work will initially start on the newly cladded blocks at Grangewood.

5.0 **TENANT INVOLVEMENT**

5.1 Tenant Executive has been engaged in reviewing and prioritising the Capital Programme.

5.2 The tenants' views are reflected in the broad priorities of the proposed programme shown at **Appendix 1**. Whilst values may vary and other factors come into play we are generally able to reflect tenant priorities in the proposed capital programme in particular the increased investment in Decent Homes elements.

6.0 **SUPPORTING LOCAL CONTRACTORS**

6.1 The increased value of the Capital Programme is not only welcome but gives us the opportunity to , in some way, offset some of the worst effects of the current economic downturn on local contractors.

6.2 Housing Services continue to take a key role in the Council's corporate arrangements for the procurement of contracts and their management. A 'Meet the Council' Day was held in September 2013 at which it was explained how local contractors and businesses can tender for work. Where possible a clause is included in contracts to ensure a proportion of local labour.

7.0 **OPERATIONAL SERVICES SHARE OF PROGRAMME**

7.1 Appendix 1 also shows the portion of the Capital programme that it is proposed to allocate to OSD. This is consistent with previous years' allocations and is achieved in discussion with the OSD Manager to ensure continued operational effectiveness.

8.0 RISK MANAGEMENT

Description of the Risk	Risk Rating	Likelihood	Impact	Mitigating Action	Likelihood	Impact
Failure to achieve Decent Homes Standard targets (100% by March 2015)	Medium	Low	Medium	In order to address the Decent Homes Standard resources are committed over the next year to maximise the Council's position in respect of the Decent Homes Standard	Low	Low
Worsening Tenant Satisfaction	Medium	Medium	Medium	Additional Capital Investment approved	Low	Low
Declining Stock Condition	Medium	Medium	Medium	Additional Capital Investment approved	Low	Medium
Health Impacts on occupants	Medium	Medium	Medium	Additional Capital Investment approved	Medium	Low
Capacity of Governance and Procurement Services to assist in delivery of timely procurement and contribute to introduction of programme	Medium	Low	High	Early discussions and involvement with Government and Procurement	Low	Low

9.0 EQUALITIES ISSUES

9.1 An Equality Impact Assessment is attached at **Appendix 2**.

10.0 RECOMMENDATIONS

10.1 That Cabinet recommends to the Council that:

- a) The Housing (Public Sector) Capital Programme for 2014/15 is approved and its procurement, as necessary, be authorised.
- b) The provisional Housing (Public Sector) Capital Programme's for 2015/16 and 2016/17 are noted.

- c) The Operational Services Division share of the Programme is approved.
- d) The Housing Services Manager – Business Planning and Strategy be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.

11.0 **REASONS FOR RECOMMENDATION**

- 11.1 The Council will be able to achieve its 'Decent Homes Standard' targets in line with the Council's Vision and Corporate Plan.
- 11.2 The condition of the Public Sector housing stock will be maintained and improved.
- 11.3 To contribute to the aims of the Housing Strategy and deliver the HRA Business Plan.

ALISON CRAIG
HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY

You can get more information about this report from Alison Craig on extension 5156.

Officer recommendation supported/not supported/modified as below or Executive Members' recommendation/comments if no Officer recommendation.



Signed

Executive Member

Date 31.1.14

Consultee Executive Member/Support Member comments (if applicable)