
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM: 12
DATE OF MEETING:	9th October 2014	CATEGORY: Delegated
REPORT FROM:	Director of Housing and Environmental Services	OPEN
MEMBERS' CONTACT POINT:	Gary Clarkson Ext 5897	DOC:
SUBJECT:	Progress report: Housing Capital Investment Programme 2012 - 2017	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCSO1

1. Recommendations

- 1.1 Members approve this half-yearly progress report for the Housing Capital Investment Programme which includes both the Improvement Programme to current stock and the New Build and Acquisition Programme.
- 1.2 Members approve an amendment to the New Build and Acquisition programme replacing two acquisition properties for two previously approved new build properties.

2. Purpose of Report

- 2.1 To provide a six monthly progress report on the Improvement Programme as requested at the February Committee 2012, which details the anticipated progress to the end of September 2014 and the remainder of the five year programme to March 2017.
- 2.2 To provide an update on the New Build and Acquisition Programme.

3. Detail – Section A - Improvement Programme

- 3.1 Expenditure and Completions.
 - 3.1.1 This report details the progress made in respect of the programme approved in 2012 in terms of expenditure, and numbers of properties, where specified.
 - 3.1.2 The following tables show a comparison between the approved five-year programme and the expenditure and number of completed properties to the end September 2014, which is the half-way point in the five-year-programme.
 - 3.1.3 The expenditure table shows all of the schemes, whilst the properties table only shows the schemes where property numbers were indicated in the original programme.

Scheme	Total budget to 30th September 2014 (£0,000)	Anticipated expenditure to 30th September 2014 (£0,000)	Variance - Expenditure (£0,000)	Percentage complete
Planned external maintenance	1,620	1,245	- 375	76.9%
Kitchen replacements	1,900	1,319	- 581	69.4%
Bathroom replacements	795	837	42	105.3%
Central heating upgrades	2,100	2,216	116	105.5%
Electrical Rewires	1,450	1,545	95	106.6%
Roofing	1,400	2,534	1,134	181.0%
External insulation	425	645	220	151.9%
Loft insulation	189	17	- 172	9.1%
Door Replacement	375	287	- 88	76.6%
Window replacements	225	426	201	189.5%
Showers and extract fans	1,300	442	- 858	34.0%
Smoke alarms	495	238	- 257	48.0%
Non-traditional properties	170	14	- 156	8.4%
Environmental and garage site improvements	375	123	- 252	32.7%
Community Rooms / Communal areas	40	34	- 6	84.2%
Lift replacements	75	127	52	169.2%
Unforeseen Decent Homes	148	71	- 77	48.2%
Total	13,082	12,121	- 961	92.7%

Table 1 – Budget and Expenditure.

3.1.4 Only 30 properties remain that do not have loft insulation between 250-300mm deep. We continue to seek to gain access to these properties.

3.1.5 On some contracts shown in Table 1 above, the underspend indicates reduced scheme costs and does not necessarily indicate that the specified number of completed properties have not been achieved. Therefore, Table 2 below has been provided to show progress by specified property numbers.

Scheme	Planned to 30th September 2014	Anticipated completed properties to 30th September 2014	Variance - Properties	Percentage complete
Kitchen replacements	679	496	-183	73%
Bathroom replacements	441	393	-48	89%
Central heating upgrades	700	854	154	122%
Electrical Rewires	660	601	-59	91%
Roofing	226	517	292	229%
Showers and extract fans	1300	1112	-188	86%

Table 2 – Planned and Completed Properties.

3.1.6 From slower than anticipated starts on the new contracts that commenced in January 2014 (i.e. Planned Maintenance, Kitchens, Bathrooms, Door and Window Replacements and over-bath Showers), due to the Corporate procurement review in 2013, the number of completions is still below those programmed up to the half-way stage in the five-year programme.

3.1.7 With the contractors now having established effective teams, the number of targeted properties per month is being increased to ensure that the programme is back on target at the earliest opportunity. The anticipated position at the 31st March 2015 is as shown below.

Scheme	Planned number of properties to 31st March 2015	Anticipated number of completed properties to 31st March 2015	Variance - Properties	Percentage complete
Kitchen replacements	822	670	-152	82%
Bathroom replacements	538	529	-9	98%
Central heating upgrades	850	994	144	117%
Electrical Rewires	796	743	-53	93%
Roofing	284	577	293	203%
Showers and extract fans	1600	1492	-108	93%

Table 3 – Planned and Forecast Completed Properties.

3.2 Decent Homes Standard

- 3.2.1 All of the Council's properties remain compliant with the Decent Homes Standard as a result of the works undertaken, and this is expected to be the same at the end of the current financial year.
- 3.2.2 Routine property inspections or complaints from tenants continue to reveal non-decent elements (that were originally planned to be improved from 2017 onwards) necessitating them being brought forward to the current five-year plan and funded from the Unforeseen Decent Homes budget.
- 3.2.3 As we move away from the original survey data, its accuracy diminishes and the need to add additional properties to the programme increases. However it is still anticipated that overall, the original programme approved in February 2012 of £27m will underspend due to favourable tenders being obtained.

3.3 Procurement.

- 3.3.1 Contracts are in place for all of the major schemes, with the exception of any future External Wall Insulation. The previous tender was kept to a maximum two-year contract due to the uncertainty on grant aid. On completion of the existing works, a new contract will be procured prior to any further properties being insulated.
- 3.3.2 Of the recently tendered contracts, the first contract to be reviewed for a possible extension is the Domestic Electrical Rewiring Contract which was awarded to British Gas Social Housing Limited (trading as P.H.Jones) in November 2012. The contract is currently scheduled to end in March 2015 and the review will commence in October 2014 to allow for re-tendering, if required. However performance of the contractor to-date has been very good and if favourable terms can be agreed an extension to the contract is a likely outcome of the review.

3.4 Environmental and Garage Sites Improvements

- 3.4.1 The pilot garage site improvements works was completed at Chatsworth Road, Newhall in August and 23 inadequate garages have been replaced with 21 wider and longer garages to suit modern cars. 14 of the 21 garages were let within 10 days of the works being completed and a leaflet drop has been undertaken (30th September) in the adjacent vicinity to advertise the remaining garages. Feedback so far has been very positive.
- 3.4.2 The success of this project will drive the formalisation of a strategy to roll out across the district and proposals will now be prepared for four or five other sites and progressed in line with the approved budget. With the recruitment of a replacement Project Officer (Environment), the intention is to now move more quickly on garage site improvements as well as various parking improvements across the District.
- 3.4.3 Similarly, the completion of the internal door replacements, the renewal of the flooring covering and redecoration of the internal communal areas at Brightman House will continue with Holmes Court (both Swadlincote) and then follow the Planned Maintenance Programme to include other communal flat areas around the District.

3.5 Passenger Lifts

3.5.1 The replacement of the passenger lifts at Coniston Court, Swadlincote, Peartree Court, Etwall and Unity Close, Church Gresley were completed in June 2014 without any complaints due to the co-operation between the tenants and contractors, with the assistance of the Careline Wardens.

3.6 External Wall Insulation

3.6.1 The Council has been extremely successful in being able to obtain grant funding and a total of 90 properties have received external insulation during the programme.

3.6.2 The works undertaken to-date received funding of £297,523.92 from Department of Energy and Climate Change (DECC).

3.7 Non- Traditional Properties.

3.7.1 Following full survey work by Michael Dyson and Associates of the non-traditional properties arrangements are being made to follow up on the highlighted short term repairs.

3.7.2 There are some areas of deterioration in concrete joints and areas of decay in timber elements. The original programme budgeted for £200,000 worth of repairs, which are now estimated to be in the region of £652,500. Further work on the viability of such long-term investment now needs to be undertaken.

4. Detail – Section B - New Build and Acquisition Programme

4.1.1 In April 2013, the Council approved the first phase of commitment to increase its stock by building new homes, which the Council had not been able to do since 1991. The budget agreed for the provision of 50 homes was £5.37m.

4.1.2 One of the first actions completed was the 'buying back' of the only leased flat in a block of twenty-six flats at Smallthorn Place, Swadlincote, which has the added benefit of increasing the Council's strategic options relating to the site.

4.1.3 At the same time, Planning Permission was obtained for 49 properties on five sites, as follows:

Address	Number of dwellings	House Types
Lullington Road, Overseal	12 Dwellings	4 X 1 beds
		5 X 2 beds
		2 X 3 beds
		1 X 4 beds
Coton Park, Linton	23 Dwellings	4 X 1 beds
		10 X 2 beds
		8 X 3 beds
		1 X 4 bed
Pine Grove, Newhall	2 dwellings	2 X 1 bed bungalows

St Catherine's Road, Newhall	2 dwellings	2 X 2 beds
Pennine Way, Swadlincote	10 dwellings	2 X 1 bed bungalows
		6 X 2 beds
		2 X 3 beds

Table 4 – New Build Sites and dwelling numbers.

- 4.1.4 Following an EU tender process, six contractors were appointed to a Five-Year Framework Agreement for the current and any future new build schemes, as shown below:

Bullock Construction	Goodwin Building Contractors
Keepmoat Limited	Harvey & Clark
Geda Construction	Robert Woodhead

Table 5 – New Build Framework Contractors.

- 4.1.5 Following the award of the framework, the tenders used in the tender process were examined to award either individual sites or combinations. However, due to recent unprecedented increased costs for materials such as bricks and roof tiles, the value of the tender submissions was very tight to the agreed original overall budget.

4.2 Current Position

- 4.2.1 After interviews with the most advantageous tenderers, adjustments were made to proposed contract values primarily by the Council arranging for further site investigation works to allow the contractors to submit firm costs, removing the overall risk to both parties. Contractors had priced for risk which had to some extent increased prices.

- 4.2.2 Contract negotiations were still ongoing for two sites when this report was drafted and a verbal update will be provided at the meeting:

Address	Contractors
Lullington Road, Overseal	Robert Woodhead
Coton Park, Linton	Tbc
Pine Grove, Newhall	Tbc

Table 6 – Awarded Contracts.

- 4.2.3 The fourth site at St. Catherine's Road, Newhall was considered not to be economical viable based on the submitted tenders and is proposed to be subject to a further options appraisal. The prices that came back were significantly higher than the unit costs being achieved on other sites.
- 4.2.4 The fifth site at Pennine Way, Swadlincote was the subject of a successful grant funding application following a Committee decision of April 2014. The Framework contractors will be invited to submit a mini-tender once the first three contracts have been finalised.

4.3 Replacement acquisitions

- 4.3.1 Opportunities to buy back two further properties have been progressed in lieu of the two previously proposed new build properties at St Catherines, proposed now to be the subject of further option appraisal. Both negotiations are on-going and agreement on price has been reached on one property in Midway. By including these two acquisitions the original aim to build and acquire 50 homes within the original budget should still be achievable.

4.4 Phase 2 New Build and Acquisition Programme

- 4.4.1 The HRA Business Plan Working Group is on schedule to report to the November 27th meeting of this Committee proposing a phase 2 programme.

5. Financial Implications

- 5.1 The report is not proposing any increases to previously approved expenditure.

6. Corporate Implications

- 6.1 The corporate implications of the report has direct relevancy on all four of the Council's corporate themes and specifically on a number of priorities contained within each theme.

6. Community Implications

- 6.1 The approved five year programme is delivering on tenant priorities of replacing tired and outworn internal fittings and environmental improvements, whilst the New Build and Acquisition Programme increases the overall stock and provides high quality, energy efficient properties built to current standards.

7. Background Papers

- 7.1 Housing and Community Services Committee – February 2012, April 2013, April 2014