

---

<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>26<sup>TH</sup> NOVEMBER 2015</b>	<b>CATEGORY: Delegated</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF HOUSING AND ENVIRONMENTAL SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>LEE CARTER Ext 5797</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>HOUSING CAPITAL INVESTMENT PROGRAMME 2012-2017: PROGRESS REPORT</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCS01</b>

---

## **1. Recommendations**

- 1.1 Members approve this half yearly 2015/2016 progress report for the Housing Capital Investment Programme.
- 1.2 Members to approve the expenditure proposals contained within the report.
- 1.3 Members approve to use some of the projected underspend to progress Phase 2 of new building development and regeneration programme.

## **2. Purpose of Report**

- 2.1 To provide a half yearly progress report on the Capital Investment Programme, as requested at the February Committee 2012, which details the progress to the end of September 2015 and the anticipated progress to March 2017, the end of the five year programme.

## **3. Capital Investment Programme 2012 - 2017**

- 3.1 Actual expenditure and completions to 30<sup>th</sup> September 2015, and anticipated expenditure and completion to March 2017, the end of the five year programme.
  - 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 table (Table 1) shows what was originally anticipated to be completed by 30<sup>th</sup> September 2015 compared to the actual outturn.
  - 3.1.3 Although there is clear variance in some projects from the programme as at 30<sup>th</sup> September 2015, no combined projects have gone over the overall 5 year budget of £27.5m.

3.1.4 The expenditure and numbers completed table shows all of the schemes. Some of the schemes, however, did not have property numbers indicated in the original programme, meaning a variance of numbers completed cannot be given.

Scheme	Total Budget to 30th September 2015 (£)	Total Expenditure to 30th September 2015 (£)	Variance - Expenditure (£)
Planned External Maintenance	2,296,500	2,390,288	93,788
Kitchen Replacements (Property Numbers)	2,700,000 (965)	1,866,017 (701)	-833,983 (-264)
Bathroom Replacements (Property Numbers)	1,145,000 (635)	1,550,277 (734)	405,277 (99)
Central Heating Upgrades (Property Numbers)	3,000,000 (1,000)	3,088,943 (1,179)	88,943 (179)
Electrical Rewires (Property Numbers)	2,050,000 (933)	2,269,693 (852)	219,693 (-81)
Roofing (Property Numbers)	2,250,000 (392)	2,954,320 (599)	704,320 (207)
External Insulation	595,000	561,868	-33,132
Loft Insulation	191,000	18,117	-172,883
Door Replacement	525,000	333,731	-191,269
Window Replacements	275,000	442,527	167,527
Showers and Extract Fans (Property Numbers)	1,900,000 (1,900)	917,368 (1,712)	-982,632 (-188)
Smoke Alarms	690,000	226,837	-463,163
Non-Traditional Properties	220,000	14,349	-205,651
Environmental and Garage Site Improvements	600,000	148,943	-451,057
Community Rooms / Communal Areas	60,000	44,675	-15,325
Lift Replacements	90,000	126,899	36,899
Unforeseen Decent Homes Work	190,856	71,486	-119,370
<b>TOTAL PROGRAMME</b>	<b>18,784,180</b>	<b>17,032,115</b>	<b>-1,752,065</b>

Table 1 – Budget, Actual Expenditure and Completed Properties as at 30<sup>th</sup> September 2015

3.1.5 The five year capital investment programme was established on the 2009 stock condition survey, which was based on a 25% internal survey. This data was then extrapolated across the remainder of the stock i.e. all programmes could not be based on actual surveyed data, assumptions had to be made, which is generally accepted best practice within the industry. In reality this has led to some variances in actual works carried out compared to those originally anticipated based on the 2009 data. Showers are an example of this variance as the actual numbers installed (and anticipated to be installed) fall short of that originally planned due to the 2009 data. In contrast to this, due to the original data being some 6 years old now, certain elements have required greater

investment i.e. rewires due to detailed periodic inspections highlighting greater need to invest in this safety critical element.

3.1.6 The anticipated position at the 31<sup>st</sup> March 2017 is as shown below.

Scheme	Total Budget to 31st March 2017 (£)	Total Anticipated Expenditure to 31st March 2017 (£)	Variance - Expenditure (£)
<b>Planned External Maintenance</b>	<b>3,341,000</b>	<b>3,380,288</b>	<b>39,288</b>
<b>Kitchen Replacements</b> (Property Numbers)	<b>3,900,000</b> (1,394)	<b>3,762,458</b> (1,461)	<b>-137,542</b> (67)
<b>Bathroom Replacements</b> (Property Numbers)	<b>1,670,000</b> (926)	<b>1,793,966</b> (854)	<b>123,966</b> (-72)
<b>Central Heating Upgrades</b> (Property Numbers)	<b>4,350,000</b> (1,450)	<b>4,555,756</b> (1,635)	<b>205,756</b> (185)
<b>Electrical Rewires</b> (Property Numbers)	<b>2,950,000</b> (1,342)	<b>3,659,946</b> (1,326)	<b>709,946</b> (-16)
<b>Roofing</b> (Property Numbers)	<b>3,700,000</b> (634)	<b>3,129,320</b> (634)	<b>-570,680</b> (0)
<b>External Insulation</b>	<b>850,000</b>	<b>561,868</b>	<b>-288,132</b>
<b>Loft Insulation</b>	<b>192,000</b>	<b>18,117</b>	<b>-173,883</b>
<b>Door Replacement</b>	<b>750,000</b>	<b>420,731</b>	<b>-329,269</b>
<b>Window Replacements</b>	<b>350,000</b>	<b>492,527</b>	<b>142,527</b>
<b>Showers and Extract Fans</b> (Property Numbers)	<b>2,800,000</b> (2,800)	<b>1,238,183</b> (2,112)	<b>-1,516,817</b> (-688)
<b>Smoke Alarms</b>	<b>760,000</b>	<b>234,741</b>	<b>-525,259</b>
<b>Non-Traditional Properties</b>	<b>220,000</b>	<b>666,349</b>	<b>446,349</b>
<b>Environmental and Garage Site Improvements</b>	<b>1,050,000</b>	<b>1,050,000</b>	<b>0</b>
<b>Community Rooms / Communal Areas</b>	<b>90,000</b>	<b>107,966</b>	<b>17,966</b>
<b>Lift Replacements</b>	<b>90,000</b>	<b>126,899</b>	<b>36,899</b>
<b>Unforeseen Decent Homes Work</b>	<b>289,365</b>	<b>151,159</b>	<b>-138,206</b>
<b>TOTAL PROGRAMME</b>	<b>27,352,365.00</b>	<b>25,350,273.85</b>	<b>-2,002,091.15</b>

Table 2 – Budget, Anticipated Expenditure and Completed Properties as anticipated at 31<sup>st</sup> March 2017.

## 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 and at the completion of this programme in March 2017.

- 3.2.2 Routine property inspections or complaints from tenants continue to reveal unforeseen non-decent elements e.g. heating failures (that were originally planned to be improved post 2017) necessitating them being brought forward to the current five-year plan which is funded from the existing capital budget.
- 3.2.3 It is still anticipated that overall, the original programme approved in February 2012 of £27.5m will not be exceeded; indeed total expenditure is presently anticipated to be £25,350,273 which is 7.3% under budget. However, ensuring the stock remains decent is a fundamental principle of this programme, and continues to achieve target.
- 3.2.4 The projected anticipated underspend at the end of March 2017, is likely to be in the region of £2,002,091 (subject to final detailed surveys). It is proposed to utilise this underspend to progress Phase 2 of the new build development and regeneration programme, which is subject to a separate report to be presented to members for approval.

### 3.3 Procurement

- 3.3.1 Contracts are in place for all of the major schemes, with the exception of the External Wall Insulation and Roof Covering Replacement Contract. Both Contracts are now complete. Any future works required of this nature will have to be procured to ensure value for money is obtained.
- 3.3.2 An extension to the Domestic Electrical Rewiring Contract which is undertaken by British Gas Social Housing Limited (trading as P.H.Jones) was awarded a one year extension based on a 1.5% increase in 2015/16, contracted to the original contract terms, with a further 1.5% increase to be awarded in 2016/17 ensuring the contractor continues to perform very well and they achieve all the KPIs.
- 3.3.3 A 5% increase was granted to Laker (BMS) Limited who undertakes the kitchen replacements, based solely on the supply of materials only. The supplier, Moores Group, increased their supplier rates by 5%. No increases to labour costs have been awarded.
- 3.3.4 Reviews are also underway on the Planned External Maintenance Contract which is undertaken by Harvey & Clark Limited, they are currently on year 4 of the programme and any potential increases will be agreed in conjunction with the Council's procurement team. Renuvo Limited who undertake the Heating Installation Replacements and are also on year 4 of the programme and likewise any increases in tender values will be agreed with the procurement team.

### 3.4 Environmental and Garage Sites Improvements

- 3.4.1 Proposals are now in place to undertake Improvement works to Stanley Close, Woodville and Bailey Avenue, Overseal garage sites which are currently a liability to the Council. Tenders have been issued for the re-surfacing of the car park and to several driveways in St. Johns Drive, Newhall. Plans are also underway to improve the parking issues within Foston Close, Hatton.

3.4.2 Six additional car parking spaces have been provided to resolve significant parking issues within Wilmot Avenue, Weston on Trent. The feedback from tenants has been very positive, and has provided Housing Services with a 'blue-print' to undertake further schemes around the district.

### 3.5 Communal Areas

3.5.1 Internal decoration to the communal areas is now complete within Brightman House and Holmes Court Midland Road, Swadlincote and High Street, Woodville. This involves internal painting throughout, new flooring and new signage to the front of both blocks. The success of these projects has driven the formalisation of a strategy to roll out across the District and proposals will now be prepared for 5 other sites.

### 3.6 Solid Fuel Heating

3.6.1 The Council in its Sustainable Community Strategy specifies a target of reducing carbon emission per person under the broad heading of Vibrant Communities, to achieve this target the Housing Service has been investigating new technologies that would significantly contribute towards the Council achieving this target.

3.6.2 The Housing Service has undertaken research into possible renewable technologies for all non-gas households due to the poor performance of solid fuel properties. There are currently 47 properties on solid fuel, which do not have access to the gas network. The Solid Fuel systems consume large amounts of energy, resulting in high costs to heat the properties.

3.6.3 It has been identified that installing Air Source Heat Pumps would be the most viable option to all non-gas households.

3.6.4 The Council have tested Air Source Heating systems in several properties previously and proves to be very successful. The cost of installing the Air Source systems amounts to an average of £7,500 per property, compared to an average gas installation of £3,000. However, funding can be received through the Renewable Heat Incentive (RHI) which will amount to on average £3,500 per property received over 7 years.

3.6.5 To fund the project, the initial outlay of expenditure will come within the region of £350,000. However, circa £164,000 of this will be received in the next 7 years, due to the RHI income. The recommendation is to approve the budget of £350,000 (which has been accounted for within Table 2) to allow the works to be undertaken. The approval of this budget will not result in exceeding the 5 year budget of £27.5m.

### 3.7 Non-Traditional Properties

3.7.1 Following full survey work by Michael Dyson and Associates of the non-traditional properties, the highlighted short term repairs have been undertaken.

3.7.2 With the deterioration in concrete joints and areas of decay in timber elements it is a necessity that the improvements are undertaken within this 5 year plan. However, only £220,000 was budgeted for in the original programme and works are estimated to be in the region of £652,500. The recommendation is to approve

the budget of £440,000 (which has been accounted for within Table 2) to allow the works to be undertaken. The approval of this budget will not result in exceeding the 5 year budget of £27.5m.

## **5. Financial Implications**

- 5.1 The proposals within this report ensure that the original budget of £27.5m is not exceeded, and the original ambition of having all Council properties maintaining the Decent Homes Standard over the five year programme can be achieved.

## **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.

## **7. Community Implications**

- 7.1 The approved five year programme is delivering on tenant priorities of replacing old and outdated internal fittings/components and fixtures and undertaking environmental improvements. The programme also ensures that all stock meets the Decent Homes Standard.

## **8. Background Papers**

None