

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	2nd FEBRUARY 2012	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF OPERATIONS AND MONITORING OFFICER	OPEN
MEMBERS' CONTACT POINT:	LEE CARTER EXT 5957	DOC:
SUBJECT:	FIVE YEAR MAINTENANCE AND IMPROVEMENT PROGRAMMES FOR COUNCIL HOUSING 2012 - 2017	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCSO1

1. Recommendations

- 1.1 That members approve the five year expenditure proposals contained within the report subject to annual review of the Major Repairs Reserve and contributions from the Housing Revenue Account.

2. Purpose of Report

- 2.1 To provide members with a detailed five year maintenance and improvement programme based on both the latest stock condition survey undertaken during 2009 and the available projected budgets (budgets based on the rent settlement, to be determined 2 February 2012).
- 2.2 To inform members that the programmes may be subject to minor changes following more detailed surveys and analysis, or unforeseen works, that will be undertaken at the start and throughout each of the financial years during the five year programme.

3. Detail

3.1 Decent Homes Standard

- 3.1.1 All of the Council's properties were recorded as meeting the Decent Homes Standard (DHS) at the national target date of 31st December 2010.
- 3.1.2 It is clear that without the advent of the new financing regime, and if the current national subsidy system were being retained, we would not be able to maintain the Decent Homes standard even in the short-term i.e. next couple of years.
- 3.1.3 Even under the new financing regime the HRA Business Plan that was approved in June 2011 projected that we would need to borrow additional resources in the short term and possibly defer some expenditure into the medium term (beyond five years) to have any chance of being able to retain the Decent Homes standard. However the low interest rates that appear we may be able to access

for buying out from the national system on the 28th March improve the projection considerably, to the extent that it will negate the need to borrow additional resources and defer expenditure. Although the position is improved by the current interest rates obtainable it is still marginal on whether all the resources identified as needed by the stock condition survey will be available at the right time i.e. there is limited room for manoeuvre and any change in interest rates between now and March will affect the resources available for investment in the properties and a detrimental change in rates could mean that we have again have to consider deferring some expenditure.

3.1.4 To summarise, the updated Stock Condition Survey and HRA Business Plan indicates a spend requirement of £26.5M over the five year period of 2012–2017. If interest rates remain low, as currently projected, and income goes up in line with the national rent formula then we will have the resources to meet this commitment in full.

3.2 Major Repairs, Planned External Maintenance and Improvements Programme

3.2.1 This report recommends the approval of the five year maintenance and improvement programme of major repairs, planned external maintenance and improvements in order to maintain the Council's assets and standard of tenants' homes and living conditions.

3.2.2 It is proposed that the Major Repairs Reserve will continue to fund disabled adaptations required in the Council stock over the proposed five year period. Funding in recent years has not kept pace with demand and there is a current backlog of clients assessed as needing adaptations, but funding has not been available to undertake these as and when they are required most. In effect a waiting list has been established and works carried out as funding allows.

3.2.3 Major disabled adaptations in 2011/12 were funded at £194k alongwith minor works funded from revenue expenditure of £115k i.e. £309k in total. It is estimated that the cost of the current backlog is £210k. It is therefore proposed to increase the 2012/13 budget to £500,000. It is envisaged that once the backlog is cleared expenditure required annually will be under £400k annually.

3.2.4 The allowance from the Housing Revenue Account (HRA) in 2012-2013 for planned external maintenance is proposed at £635,000. It is proposed to increase this budget year on year by an inflationary rate of 2.5% as detailed in the separate HRA report to this Committee.

3.2.5 The available finance for 2012/13 includes a predicted carry over of £28,000 (subject to final accounts) which includes for committed works that have not been completed during 2011/12.

3.2.6 The table below shows the estimate of available finance for the 2012/13 financial year, as follows:

Table 1: Budget for 2012/13

Total MRR budget 2012/13	£4,500,000
Add HRA Planned External Maintenance	£635,000
Add Carry over from 2011/12	£28,000
Less Capital Salaries	-£160,327
Less Disabled adaptations	-£385,000
Total available budget	<u>£4,617,673</u>

Table 2: Proposed Spending Plan 2012/13 (Excluding Disabled Adaptations and Capital Salaries)

EXPENDITURE PROFILE	2012/13
Planned external maintenance	635,000
Kitchen replacements	750,000
Bathroom replacements	270,000
Central heating upgrades	750,000
Window replacements	100,000
Door replacements	150,000
External insulation	160,000
Loft Insulation	168,000
Electrical Rewires	550,000
Roofing	290,000
Showers	420,000
Smoke Alarms	120,000
Non traditional properties (survey only in 2012/13)	20,000
Community Rooms /communal areas	10,000
Lift replacements	30,000
Pilot phase of garage site improvement	150,000
Balancing figure for unforeseen Decent Homes work.	44,673
Total available budget	4,617,673

3.2.7 The above table shows the proposed 2012/13 programme. The street by street details for the full five year proposed programme including 2012/13 through to and including 2016/17 are detailed in Appendix A.

3.3 Contracts Procurement Plan for the Five Year Period

3.3.1 The Planned External Maintenance contract was tendered to cover a period of three years which commenced 2010. The contract includes rates for replacement ad hoc (rather than programmed) windows and doors as the Council has largely completed the wholesale renewal of these components over previous years. This tender was won and awarded to Harvey & Clark Limited, and will be re-tendered for the start of the 2013/2014 contract period.

- 3.3.2 The replacement Kitchens & Bathrooms contract was tendered to cover a period of three years from April 2010 onwards with the option for a two-year extension dependent on quality delivered and agreement on price for the extension. The contractor is Harvey & Clark Limited. 2012/13 is the last year of the initial three and negotiation will be undertaken in the next six months on the position post April 2013.
- 3.3.3 The central heating programme contract was tendered to cover a period of three years with an option to extend for a further two, to potentially take this contract to 2014-2015. However, this contract is being retendered currently (i.e. at the end of the initial three year period) due to the incumbent contractor requesting in the extension negotiation what is considered to be an uncompetitive increase on the 2011/12 rates. The market is in a very competitive state and re-tendering is therefore being progressed.
- 3.3.4 External insulation is required to a variety of properties over the next five years, specifically those which are fully or partial constructed with solid walls. These properties do not have a cavity and the only way to insulate them effectively is to render clad. Internal insulation is not generally feasible within our stock due to the significant internal room space reduction. This external insulation contract will be procured during 2012/13, for a proposed four year duration which should cover all required works of this nature in the stock.
- 3.3.5 The Council continues to improve the loft insulation standards to the latest requirement, currently 275mm in the loft space. Whilst the Council has attributed a budget to these works, a potential significant amount is funded through grants which energy suppliers provide for such schemes. The authority then has to accommodate the budgetary difference if there is a shortfall in funding. The procurement of this contract is subject to external funding and it is recommended to continue doing this on an annual basis to take advantage of the latest funding grants available.
- 3.3.6 An enhanced re-roofing programme is proposed to run for the next five year period. Whilst the Council has undertaken some piecemeal re-roofs over recent years this has been limited to those properties where there has been not been a practical alternative and done on a pepper potting basis whenever and wherever the work was needed. We should be approaching the work on a more programmed basis and achieving better economy of scale and the scale of the replacements now needed present this opportunity. Many of our roofs are approaching and are beyond their recommended 60 year life cycle. The programme will be procured during 2012/13 on an initial three year basis with the option to extend for a further two years covering the 5 year planning period.
- 3.3.7 Arising from the HRA business plan consultations, it was recommended to install over the bath showers to all the Council dwellings that current do not have such facilities by 2017. The programme already schedules for 525 bathroom replacements for which the showers will be included as standard, and some 236 properties already benefit from such installations. The remaining properties will need to be have a separate installation programme to be procured during 2012/13 on an initial three year basis with the option to extend for a further two years covering the 5 year planning period.
- 3.3.8 The Council has ensured that all 3043 properties have mains connected smoke detectors. These are now beyond their recommended life cycle and replacing

them is recommended to ensure the Council provides the latest technologies in preventing unnecessary dangers associated with fires in the home. The replacement programme is scheduled for a 3 year period and will be procured for the full duration.

- 3.3.9 Garage site and environmental improvements are also scheduled to be undertaken during the five year planning period. Garage sites have historically received little attention due to budgetary restrictions and the importance and priorities placed upon maintaining the fabric and facilities of the properties themselves. Some of the garage sites are now in a very poor condition and need wholesale upgrade or, in some cases, an alternative use. In 2012/13 it is proposed to undertake detailed works to one location where there is evidenced demand and utilise that as a pilot for a more widespread programme in later years subject to available finance. The Council remains responsible for all front boundary fences and those boundaries adjacent to public open space. There are also many parking congestion and open space maintenance issues across the estates. Some such general environmental works have been carried out in recent years, mainly in the 2008-10 period and mainly gates and fencing. These works were very well received by tenants and environmental work generally was identified by tenants as a high priority in the business plan consultation process. It is proposed to procure environmental works during 2012/13 to start 2013/14.
- 3.3.10 Communal Rooms and Communal area modernisations – The Council has a number of community room and communal areas which service associated flats commonly designed on a grouped basis. As part of the proposed five year programme these areas require modernisation including rewires, heating upgrades, decoration and ad hoc doors and window replacements. These works are programmed to start during 2012/13 and will be undertaken as part of the wider programme that will have been procured separately.
- 3.3.11 Lift upgrades or replacements to flat accommodation blocks are proposed to be done as per the supplier recommendations. The 3 lifts in the stock receive annual checks and minor maintenance upgrades. The lift at Coniston Court, Swadlincote is one that needs replacement now and is proposed for the 2012/13 period.
- 3.3.12 The current electrical rewiring contract completes in September 2012. This was a small scale contract. To ensure that we are utilising the maximum efficiencies currently in the market place it is proposed that the post September works be on a new contract and preparatory work will commence asap to enable a contract start within the 2012/13 financial year. It is proposed the contract term be an initial three year basis with the option to extend for a further two years.
- 3.3.13 The Council has 222 properties classed as non-traditional construction. The properties are mainly concrete panel although there a number that have a now dated timber frame construction. The Council is legally required to monitor the condition of this stock and instructed a specialist surveying practice to undertake a full survey in 2008. At that time there were no immediate issues with the condition, however substantial remedial works were recommended within a five year period. It is proposed during 2012/13 to revisit those recommendations with specialist support before we commit substantial expenditure. Alongside the same process it is also proposed that we consider the longer term solution/strategy relating to the non-traditional properties as their long term viability in terms of structural integrity and potential financial resources may become a major issue.

3.4 Disabled Adaptations

3.4.1 As stated earlier in the report, £384,500 is proposed to be allocated from the MRA for 2012-2013, with an additional amount of £115,500 proposed from the HRA to provide a total budget of £500,000. These works will be managed and procured as part of the Housing Strategy team's responsibilities.

3.5 Renewable Heating Schemes - Update

3.5.1 During the 2011-2012 financial year, we continued preliminary work into the viability of renewable heating schemes using new technologies for various groups of properties that are not on the mains gas network.

3.5.2 This work included looking at the options for a District Heating scheme (one boiler serving a number of properties) as well as the use of ground source and air source heat pumps on individual properties.

3.5.3 A district heating scheme using ground source heat pumps (GSHP) is currently on-site at Brook Street, Hartshorne to 18 sheltered flats, as agreed at this Committee on 24 November 2011 meeting. The project is due to complete in March 2012 and will be the first sustainable district heating scheme the Council has installed and commissioned.

4. Financial Implications

4.1 A continuation of committing resources along the lines detailed in this report is necessary to maintain the stock in the most coherent and consistent way possible. Although expenditure is a substantial increase of that in recent years the stock condition information determines that without such investment maintaining the Decent Homes Standard and delivering on tenant expectations will become increasingly difficult.

4.2 This report assumes that the proposed rent strategy is approved by members on 2nd February 2012. Should there be any deviation from the recommendations on adherence to the formula rent then the programmes contained and detailed in this report and the appendix will need to be amended.

4.3 The anticipated spending plan for the 2012–2017 financial year is as follows:

Table 3: Proposed Spending Plan 2012/2017

<i>EXPENDITURE PROFILE</i>	<i>2012-2013</i>	<i>2013-2014</i>	<i>2014-2015</i>	<i>2015-2016</i>	<i>2016-2017</i>	<i>Total</i>
Planned external maintenance	635,000	651,000	668,000	685,000	702,000	3,341,000
Kitchen replacements	750,000	800,000	800,000	800,000	800,000	3,900,000
Bathroom replacements	270,000	350,000	350,000	350,000	350,000	1,670,000
Central heating upgrades	750,000	900,000	900,000	900,000	900,000	4,350,000
Electrical rewires	550,000	600,000	600,000	600,000	600,000	2,950,000
Roofing	300,000	700,000	800,000	900,000	1,000,000	3,700,000
External insulation	160,000	180,000	170,000	170,000	170,000	850,000
Loft Insulation	168,000	20,000	2,000	2,000		192,000
Door replacements	150,000	150,000	150,000	150,000	150,000	750,000
Window replacements	100,000	100,000	50,000	50,000	50,000	350,000
Showers	400,000	600,000	600,000	600,000	600,000	2,800,000
Smoke Alarms	120,000	250,000	250,000	140,000		760,000
Non traditional properties	20,000	100,000	100,000			220,000
Environmental and garage site Improvements	150,000	150,000	150,000	300,000	300,000	1,050,000
Community Rooms /communal areas	10,000	20,000	20,000	20,000	20,000	90,000
Lift replacements	30,000	30,000	30,000			90,000
Balancing figure for unforeseen Decent Homes work.	54,673	69,673	47,673	37,673	79,673	289,365
Total budget	4,617,673	5,670,673	5,687,673	5,704,673	5,721,673	27,352,365

5. **Corporate Implications**

- 5.1 The corporate implications of the proposed five year programme if approved will have direct relevancy on all four of the Council's corporate themes and specifically on a number of priorities contained within each theme.
- 5.2 Firstly the five year programme will contribute towards attaining 'Sustainable growth and opportunity' in that the programmes would maintain and possibly create jobs and the level of proposed investment will help maximise the survival and growth of local business and suppliers. In addition there is an opportunity to gain a commitment from contractors to provide apprenticeships and training programmes to local young and/or unskilled labour as a precondition in tender documentation and contract extension negotiations.

- 5.3 The Council will continue to install energy efficient measures within the programmes such as external wall and loft insulation, replacing outdated timber doors with new energy efficient composite doors, etc all of which will help to reduce tenants' fuel bills.
- 5.4 Theme 2 'Safe and Secure' will also be at the heart of the five year programme by ensuring that where possible, subject to funding, the Council will continue to provide decent homes for the tenants of South Derbyshire.
- 5.5 Lifestyle Choices which is the Council third theme will be contributed towards by reducing carbon emissions from homes, by ensuring that the five year programme continues to target energy efficient measures like external and cavity wall insulation, loft insulation and installing new composite doors. New energy efficient heating systems will continue to be installed and the completion in March 2012 of the Council's first fully sustainable heating system at Brook Street, Hartshorne further demonstrate the Council's commitment to this theme.
- 5.6 Finally and arguably the most important theme for the Council in these uncertain economic times is ensuring that all programmes are delivered in accordance with the value for money theme at the heart of all projects. The five year programme has a robust procurement schedule to ensure good corporate governance and maximise the opportunities to reduce costs and revisit the market at times advantageous to the Council. This also has to be undertaken with caution to ensure the Council enters into contractual relationships with Contractors and suppliers that are financially secure and offer sustainable solutions.

6. Community Implications

- 6.1 The proposed works will maintain the quality of the housing stock and improved central heating systems and other energy efficient measures will further increase the energy efficiency rating of the properties and contribute to reductions in CO² emissions in accordance with the Council's Housing and Corporate Strategies.
- 6.2 The proposed five year programme also seeks to deliver on tenant priorities of replacing tired and outworn internal fittings, environmental improvements and the provision for overbath showers.

7. Conclusion

- 7.1 The proposed five year programme is based on sound stock condition data and the available financial resource from the proposed rent income strategy. It will deliver effective maintenance and improvement of the Council's assets as well as delivering on tenant priorities for modernising internal fittings and environmental improvements.

8. Background Papers

- 8.1 Housing and Community Services Committee – February 2011
- 8.2 Housing Revenue Account Business Plan June 2011
- 8.3 Draft Housing Revenue Account 2012/13 Budget report – February 2012.