

Subject:	Housing Revenue Account Capital Programme 2011-2014		
Date of Meeting:	17 February 2011		
Report of:	Strategic Director, Place Director of Finance		
Contact Officer:	Name:	Nick Hibberd	Tel: 29-3020
	E-mail:	nick.hibberd@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No: CAB19042	
Wards Affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report seeks approval for the 2011/12 capital programme and provides a provisional capital programme for the following two years, 2012/13 & 2013/14, for the Housing Revenue Account (HRA). The report takes into consideration the latest resources available and commissioning investment priorities.
- 1.2 The council's Housing Revenue Account (HRA) relates to the council's landlord duties in respect of approximately 12,300 properties and 2,230 leasehold properties.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the capital programme budget of £30.697 million and financing for 2011/12 as set out in paragraph 4.1.

3. STRATEGIC CONTEXT

- 3.1 The 2011 - 2014 provisional HRA Capital Programme aims to balance the priorities of both the City Council and our residents to achieve a good quality, sustainable, and fit for purpose housing stock which delivers against emerging housing commissioning investment priorities as identified in the housing commissioning framework.
- 3.2 This report outlines the strategic commissioning approach to the 3-year HRA capital programme giving details of proposed funding for:
- Non-discretionary spend – such as meeting health & safety legislative requirements and meeting the decent homes standard
 - Discretionary spend on projects to reflect tenant priority (such as Estates Development Budget)
 - Housing Commissioning Investment Priorities in accordance with the Housing Strategy and emerging housing commissioning framework

Housing Commissioning Investment Priorities

- 3.3 The housing commissioning context for the draft 3-year capital programme is outlined below:
- Brighton & Hove City Council Outcome 3: A city where people can access the housing they need
 - Community Strategy – Improving Housing & Affordability
 - Strategic Housing Partnership - City-wide Housing Strategy 2009 - 14
 - Ten in 2010 – Better Homes
- 3.4 The Housing Commissioning Framework identifies key investment priorities requiring planning for unsupported borrowing to support the HRA:
- Building new Council Homes & Estates Master Plan
 - Home Energy Efficiency Investment
- 3.5 In addition the capital programme needs to respond to the following housing commissioning investment priorities to make best use of the housing stock:
- Deliver our commitment to meet decent homes by the end of 2013
 - Ensures that our health and safety obligations are met
 - maintain investment in HRA housing adaptations as part of our ongoing work around improving access to housing adaptations
 - Reflects, and is flexible enough to deliver, residents' priorities as far as possible
 - Improves the energy efficiency and environmental sustainability of homes
 - Maximises the levels of additional external revenue streams, such as Community Energy Savings Programme (CESP) funding and Homes & Communities Agency (HCA) funding for Decent Homes backlog.

4. FUNDING 2011/12 CAPITAL PROGRAMME

- 4.1 The proposed programme for 2011/12 and the funding arrangements are outlined below.

	2011/12 Budget £'000
EXPENDITURE	
Non Discretionary Spend:	
Health & Safety	6,390
Decent Homes Work	17,009
Discretionary Spend	3,095
Housing Commissioning Priorities	1,974
Refurbishment of Temporary Accommodation	2,229
Total Programme	30,697
FUNDING	
Major Repairs Allowance	7,589
Revenue Contribution to Capital	3,778
Unsupported Borrowing	10,647
Capital Receipts from LDV	8,133
Social Housing Grant	400
Other Grants - CESP	150
Total Funding	30,697
Projected Capital Reserves at 31 March 2011	1,588

- 4.2 The programme is funded from a variety of sources including the Major Repairs Allowance (through Housing subsidy), revenue contributions, unsupported borrowing, capital receipts and grants.
- 4.3 The programme includes unsupported borrowing of £10.647 million. The capital and interest repayments will be funded from the Major Repairs Allowance and the HRA capital financing revenue budget.
- 4.4 The 2011/12 budget assumes that there will be no capital receipts from 'right to buy' (RTB) as the level of sales of council homes has been severely affected by the current market conditions in house prices generally and the availability of mortgages in the current economic climate.
- 4.5 The budget includes capital receipts of £8.133 million from the leasing of properties to the LDV from 2011/12. The exact profile of the LDV receipts over the 3 year programme is still subject to negotiation with the LDV. Therefore, the level of capital receipts will be monitored through the year and the level of capital expenditure adjusted as necessary to reflect resources available, through the 2011/12 Targetted Budget Monitoring process.
- 4.6 Grant income includes assumed funding from the Homes and Communities Agency (HCA) for the new build project on the Ainsworth Site and funding from the national scheme, run by utility companies, called Community Energy Saving Programme (CESP). The funding is generated from works that bring about carbon use reductions in the housing stock.
- 4.7 The provisional capital programme for 2012/13 and 2013/14 assumes that Self Financing will be introduced from April 2012. This means that the subsidy system will cease and therefore the HRA will retain the rental income that is currently paid back to the government. After adjusting for additional capital financing payments to finance debt it is estimated that there will be an additional £6.055 million available for investment in the capital programme spread over years 2012/13 and 2013/14.
- 4.8 The capital programme provides a contingency held in capital reserves of £1.588 million for 2011/12. This contingency is to allow for unforeseen works or housing commissioning framework investment priorities such as building new Council homes and home energy efficiency investment

5. CAPITAL PROGRAMME 2011-2014

- 5.1 The investment programme for 2011/12 is £30.697 million and is detailed in Appendix 1, along with the provisional programme for the following two years.
- 5.2 The award to Mears Limited of the long term partnering contract to deliver repairs, maintenance and improvements to the council's housing stock has enabled the council to begin delivering the priorities as set out above. Progress in all areas of the partnership has been robust, as evidenced by the findings of the audit commission review during the summer.
- 5.3 In order to assist in delivery of improvements by the new partnership, the council has begun works on the refurbishment of a new Housing Centre, which includes space for residents to use. The Housing Centre will provide an integrated

approach and bring significant benefits to the council and residents, as well as 'added value' benefits to the wider community and city. The costs of the refurbishment of the Housing Centre are included in the capital programme and further information is available in the Housing Management Repairs, Refurbishment & Improvement Strategic Partnership Super Centre Proposal report approved at Cabinet on 9 December 2009.

- 5.4 The 3 year Capital Investment Plans provide the council with long-term works information which will enable the council to build, achieve and sustain consistently high levels of customer service, to both general housing and sheltered homes across the city. This plan will help to build on the progress already made ensuring proactive, efficient and effective pre-planning, as well as continuously improving resident liaison and overall engagement. The plan effectively supports the council's commitment to communicate plans and intentions, and further develops one of the key objectives of transparency.
- 5.5 This 3 year plan takes its lead from that agreed last year, giving a consistent strategic approach, and assisting with achieving programme delivery. Outline plans are currently being developed into meaningful geographical areas of work programmes with indicative timelines to foster improved resident communication, and understanding, of our major works plans across the city. Once these plans are finalised in the next few weeks, further details will be reported to Area Panels and individual associates to discuss the works programming further. A high level of resident liaison and involvement in the earliest phases, and throughout refurbishment programmes is supported through the agreed processes now in place with Mears.

Proposed non discretionary spend

1) Health & Safety compliance

- 5.6 Health & safety works remain the key basic requirement for ensuring the wellbeing of all residents, visitors and those working on housing assets. An example of the commitment to improve the service provided in this area is the significant budgets for lift replacements. This is because the lifts in the high-rise blocks, in particular, are original in many cases. They are unreliable and expensive to maintain as a result, and require urgent replacement and upgrading to modern standards. During the first two years it is currently planned to focus on replacing the lifts in the Albion Hill high-rise flats.
- 5.7 Fire Safety and Asbestos management budgets throughout the 3-year period reflect the need to support good levels of risk reduction in these key areas. Other budgets for ensuring water safety and the security of residents, for example through modern, well maintained door entry systems, make up the key ongoing budgets in this area.
- 5.8 Health and Safety budgets also include one-off capital projects to maintain the structural integrity of the stock. Wherever possible, expensive elements of works are carried out at the same time, to drive efficiencies and limit scaffold and other costs. An example of this are the projects to install insulated over clad to Kingfisher Court and some blocks on the Bristol Estate, where window and roof replacements will also take place where required. The cladding programme is a long-term investment that protects the building fabric and saves residents money on their fuel bills.

- 5.9 The programme also includes provisional sums for surveys and identified works arising from new service contracts that will be procured over the next few months. Service contracts includes works to lifts, water tanks, ventilation shafts, dry risers, fire alarms and lighting, door entry systems and CCTV.
- 5.10 The minor capital works budget includes a provision for programmed works identified by residents requesting repairs. This approach enables the council to apply a more strategic approach to responsive repair works that are of a larger scale nature such as damp-proofing or plastering, which cannot be allocated to a future programme, or the citywide programmes for door, roof or window replacement works, for example. The council always attends to resolve the immediate health and safety requirements and initially carry out patch and repair works (where appropriate). Where appropriate the planned works will then be programmed in conjunction with other major planned works that are scheduled wherever possible, and as resources allow.

2) Decent Homes and beyond decent homes

- 5.11 In terms of decent homes, the target for end of March 2012 is 88% decent, and the programme reflects this, with large capital programmes for new heating systems, rewiring, doors, kitchens, bathrooms and windows. By 2013/14, with decency largely achieved, and capital budgets reduced, the levels of these works are also slimmed down. This allows for some investment in elements that are not included in achieving decent homes, but are very important for residents' comfort and security, such as upgrading and improving main entrance door sets in blocks of flats, including making them more accessible. Decent Homes works also incorporate measures to improve energy efficiency wherever possible, such as installing high efficiency boilers, and improving communal lighting controls.
- 5.12 Sheltered schemes will be subject to a considerable refurbishment and modernisation programme. Building on the success of recent large projects that have allowed residents to enjoy fully self-contained dwellings for the first time, in 2011/12 Broadfields will receive the benefit of these works.
- 5.13 The key projects planned for sheltered homes include the 2nd phase of a 3 year programme to complete the installation of 'hold-open' corridor doors in all the schemes. Evelyn Court will receive an upgraded replacement boiler to ensure efficient heating is provided whilst Elwyn Jones Court and Lavender House will benefit from internal decent homes improvements, such as new kitchens or bathrooms, where they are needed. Additionally, several schemes will receive upgrades or replacements to the dwelling entrance doors to ensure that fire risk is minimised. A detailed delivery timetable for this, as well as all future programmes, will be agreed in consultation with the Sheltered Housing Action Group.
- 5.14 Sheltered gas boiler and heating system upgrades, where there are domestic heating arrangements, fall within the citywide installation and replacement programmes.
- 5.15 The energy efficiency budget of £6.404 million includes for the citywide gas central heating programme, and for communal heating upgrades. In 2011/12 a major project to upgrade the communal heating provision at Nettleton and Dudeney flats will take place. The energy efficiency budget also supports the

insulated overclad project at the Bristol Estate, and provides for continuing improvements to energy efficiency in communal areas wherever possible. Communal lighting and control surveys and improvements, where needed, are integrated into the wider communal rewiring programmes to help incrementally reduce the energy use and overall unit cost, whilst at the same time improving general lighting and safety in these areas.

Proposed Discretionary Spend

The capital programme has been proposed with the inclusion of the following discretionary items:

1) Estate Development Budget

- 5.16 The Estate Development Budget is included at £0.540 million per annum. One of the objectives for 2011/12 is to complete all external approved bid works during the first half of the financial year and to speed up the completion of other approved bids. Working collectively with our residents and Mears, officers wish to explore ways of returning even greater value for money and higher levels of customer satisfaction. EDB bids will be integrated into larger planned programmes of works, where it makes sense to do so, in order to achieve greater economies of scale and therefore get more for EDB money.

2) Improving adaptability and accessibility

- 5.17 An annual budget of £0.750 million is included to provide adaptations to help residents to live comfortably in their home as circumstances change. Other programmes also assist in making homes more accessible wherever possible, such as the installation of electronic 'hold-open' corridor doors in sheltered schemes.
- 5.18 The disabled Aids and Adaptations works are now integrated into Decent Homes works where it makes sense to do so. This facilitates consideration being given to make all of the decent homes work as easy as possible to adapt at a later date, should this become necessary.

3) Conversion and Extension of Existing Dwellings

- 5.19 From 2011-12, and ongoing throughout the outline plan period, it is proposed to include a programme of loft conversion and extensions to help alleviate overcrowding in some homes. The proposed capital programme includes £0.388 million to fund up to 10 conversion or extensions per annum.

4) TV Aerials

- 5.20 This budget includes the purchase and installation of communal TV aerials for digital reception on a number of our blocks of flats.

5) ICT

- 5.21 Investment in ICT continues to be key in the delivery of the Service Improvement Plan. During 2010/11 a review of the current Housing Management system commenced. It had previously been identified that the current system has limitations in respect of the effective preparation, monitoring and overall management of contracts, performance management and customer service monitoring. The review has shown that it will not be necessary to purchase a new system and that development work is to be carried out to upgrade and improve the current Housing Management system. There are also improvements

required for sound asset management, particularly in terms of identifying effective programmes of work and health and safety management that contribute to more efficient service delivery. A provisional sum of £0.450 million has been allocated over the next three years to fund the improvements and upgrades to the housing management system and the additional modules required for the Asset Management system.

Housing Commissioning Framework Investment Priorities

- 5.22 There is a contingency of £1.588 million for 2011/12 to allow for unforeseen works or housing commissioning framework investment priorities such as building new Council homes and home energy efficiency investment.

1) Building new Council Homes & Estates Master Plan

- 5.23 The Building New Council Homes Estate Master Plan identifies sites with the potential for development of over 800 new units. Of these:
- 212 have been identified as being developed within 1-3 years
 - 315 have been identified as being developed within 3-7 years
 - 296 have been identified as being developed in 7+ years

- 5.24 The capital programme, however, just includes provision for the redevelopment of Ainsworth House during 2011/12, funded through a mixture of unsupported borrowing, revenue surpluses and capital grant. Any future schemes will need to be individually modelled, to determine what level of unsupported borrowing is affordable.

2) Home Energy Efficiency Investment

- 5.25 The Governments' feed-in tariffs for electrical generation by specific types of renewable energy technologies, in particular solar photovoltaic (PV), is an additional area for consideration in meeting our strategic goals. Schemes could provide a useful income stream, and options are currently being worked up through a feasibility study by Climate Energy. As such, the financial implications remain unclear and do not form part of the current budget proposals.

Refurbishment of Temporary Accommodation Properties

- 5.26 The capital programme includes £2.229 million for 2011/12, to refurbish a number of properties held as temporary accommodation into 48 units ready for leasing to the LDV. The LDV will pay for the refurbishment costs as part of the leasing agreement.

6. CONSULTATION

- 6.1 Both the asset management panel (AMP) and Repairs and Maintenance Monitoring Group (RMMG) have successfully and effectively worked with BHCC staff and Mears to ensure that there is a thorough and transparent management of the programmes, and improvements to them. Both RMMG and AMP are represented on the Core Group, and are also to have representatives on the Partnership (operational) group from December 2010. Both groups will continue to work closely with BHCC and Mears as a partnership to ensure that contract expectations and contract requirements are met, and exceeded where possible.

- 6.2 The information on the strategy and commitments of the 3-year capital programme for the period 2010-2013 was presented to all Area Panels and HMCC in December 2009, and details circulated widely, including being available on our website. The 2011-2014 3-year plan seeks to build on these solid foundations and deliver the long-term commitments, that were made in these programmes, in a transparent manner. As ever more details of plans are put together, further details will be reported to HMCC, Area Panels and other appropriate representative groups, to discuss the works programmes further.
- 6.3 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.
- 6.4 Every project cannot be foreseen within our planning strategy and where ad-hoc projects are needed to be carried out this will be done through existing and new processes and procedures that incorporate effective communication and engagement with all residents in the properties concerned, regardless of their individual tenure. All appropriate resident groups are to be fully included in this consultation.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Financial Implications are included in the main body of the report

Finance Officer Consulted: Sue Chapman

Date: 05/01/11

Legal Implications

- 7.2 In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of and installations in its housing stock. The maintenance proposals contained within this report will assist the Council in fulfilling those obligations. All contracts over £50,000 must be sealed by Legal and comply with the Council's Contract Standing Orders and Financial Regulations, and with EU legislation, where relevant. The Council must take the Human Rights Act into account when making decisions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in the report.

Lawyer Consulted:

Liz Woodley

Date: 11/01/11

Equalities Implications:

- 7.3 All projects carried out include full consideration of various equality issues and specifically the implications of the Disability Discrimination Act.

Sustainability Implications:

- 7.4 Project briefs are issued on all projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Crime & Disorder Implications:

- 7.5 All contracts are entered into with a requirement for site security. Specific projects, directly address security and prevention of crime and anti-social behaviour.

Risk & Opportunity Management Implications:

- 7.6 The prime risks associated with this report are those associated with major construction projects. Full account of risk is taken through compliance, in all works, with the Construction Design & Management Regulations, which amongst other measures, require preparation of project specific Health & Safety Plans.

Corporate / Citywide Implications:

- 7.7 The Housing Capital Programme reaches to all parts of the city. It seeks to provide substantial improvement to the Council's housing stock. The implementation of the proposed programme will take account of all relevant best practice guidelines and be developed to provide ever improving performance targets.

8. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 8.1 No alternative options were considered.

9. REASONS FOR REPORT RECOMMENDATIONS

- 9.1 The Local Government and Housing Act 1989 requires each Local Authority to formulate proposals relating to capital expenditure in respect of the HRA. The council's constitution and financial regulations require that capital budgets are approved through the Cabinet committee system.

SUPPORTING DOCUMENTATION

Appendices:

1. HRA Capital Programme for 2011-14

Documents in Members' Rooms

None

Background Documents

None

