

Subject: HRA Updated 2009/10 Capital Programme
Date of Meeting: 24 March 2009
Report of: Director of Adult Social Care & Housing
Contact Officer: Name: David Gray Tel: 29-3857
E-mail: david.gray@brighton-hove.gov.uk
Key Decision: No
Wards Affected: All

FOR GENERAL RELEASE.

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report seeks approval for a revised 2009/10 Capital Programme for the Housing Revenue Account (HRA), which takes into consideration the latest resources available and investment priorities.
- 1.2 The council's Housing Revenue Account (HRA) relates to the council's landlord duties in respect of approximately 12,320 properties and 2,230 leasehold properties.

2. RECOMMENDATIONS:

- 2.1 That the Housing Management Consultative Committee recommend that Cabinet:
(1) approve the HRA revised capital programme of £20.613 million for 2009/10.

3. HRA REVISED CAPITAL PROGRAMME 2009/10

SUMMARY

- 3.1 The HRA Capital Programme budget has been set with the overall aim of 'achieving excellence in Housing Management', in accordance with the 30 year business plan and to maximise delivery of the core priorities in the new Housing Management Service Improvement Plan. The 5 core priorities are:
 1. Improve services to an excellent standard, with residents at the heart of everything we do
 2. Improve the quality and sustainability of our homes and neighbourhoods
 3. Deliver value for money services and maintain a sustainable 30 year business plan
 4. Make best use of our housing stock to address housing need
 5. Ensure that social housing provides a platform for reducing inequality and creating opportunity

- 3.2 The capital programme responds to tenant priorities such as provision for the Estate Development Budget, energy efficiency, electrical works, sheltered accommodation improvements as well as urgent health and safety works and Decent Homes works such as kitchens, bathrooms and new doors.
- 3.3 This programme proposes a significant increase in investment of £20.613 million when compared to the Original Budget of £12.173 million. The increase in investment is in respect of:
- £5.121 million reprofiling from 2008/09 (as reported through Targeted Budget Management quarterly reports to Cabinet during 2008/09).
 - £3.319m additional planned works in response to current needs and priorities.
- 3.4 The proposed programme and the funding arrangements are outlined below.

	Original Budget 2009/10 £'000	Revised Budget 2009/10 £'000
<u>Capital Schemes</u>		
Investment in IT	417	700
Cash Incentive Scheme	80	0
Planned Maintenance and Improvement Programme	11,676	19,913
Total HRA Capital Programme	12,173	20,613
<u>Funded by:</u>	<i>Estimated:</i>	
Major Repairs Allowance	7,943	9,352
Housing Capital Allocation	1,230	1,230
Revenue Contribution to Capital	2,500	4,854
Capital Receipts from RTB sales	500	0
Capital Reserves – Reprofiling schemes from 2008/09	0	5,121
Capital Reserves	0	56
Total Funding	12,173	20,613

- 3.5 The programme is funded from a variety of sources including the Major Repairs Allowance (through Housing subsidy), borrowing approval (through the Housing Capital Allocation), revenue contributions, capital receipts and reserves.

- 3.6 The level of sales of council homes through 'right to buy' (RTB) has been severely affected by the current market conditions in house prices generally and the availability of mortgages in the current economic climate. The Government receive 75% of the proceeds of 'right to buy' sales and the remaining 25% is retained by the council and used to fund the capital programme. Budget Council previously agreed, in February 2008, that the first £0.500 million would be used to support major corporate projects from which Housing benefit and the remainder would be available for the Housing planned maintenance programme. The current projections assume that the original funding budget of £0.500 million of capital receipts will not be available and this will now need to be funded from reserves.

ICT

- 3.7 The ICT budget will be used for the procurement and implementation of a new Housing Management system which is fundamental to support the delivery of the Housing Management Improvement Plan. The IT budget will also provide for the implementation of the performance monitoring, and quality control needed to deliver the long term Repairs, Refurbishment and Improvement Strategic Partnership, through a new integrated performance management system. This system will be shared with the contractors and linked to the Housing and asset management systems.

CASH INCENTIVE SCHEME

- 3.8 The Cash Incentive Scheme provides a grant to help tenants buy properties in the private sector in order to free up council properties for letting. Due to the current market conditions of high property prices there was no take up of this scheme for the last two years and there is none forecast for 2009/10 so the budget is not required for this year.

PLANNED MAINTENANCE AND IMPROVEMENT PROGRAMME

- 3.9 The Planned Maintenance and Improvement Programme has been increased to £19.913 million for 2009/10 and is attached at Appendix 1. This is the last planned programme before the long term partnering agreements commence in 2010 and it focuses on optimising value for money and, prioritising Decent Homes works and tenant priorities. Therefore, works in one or more of the following categories have been included in this programme:
- essential health and safety works
 - proven demonstrable efficiencies ensuring value for money and increasing the level of decent homes
 - tenant priority
- 3.10 This has resulted in a revised 2009/10 programme, which provides £9.460 million expenditure towards Decent Homes work enabling the council to increase the level of Decent homes to 60.5% by 31 March 2010 which means approximately 7,450 homes will be decent.

Decent Homes Work	£'000	Number of Units
Communal Heating Repairs	50	14
Central Heating Distribution Systems	1,250	541
Central Heating Boilers	1,100	611
Improvement - Full Install Gas Central	398	97
Improvement - Install/Upgrade Gas Boiler	702	390
Windows replacement programme	100	40
Citywide door replacement	1,840	4,230
Kitchen replacements	1,700	430
Bathroom replacements	920	419
Electrical Surveys & Works	1,000	n/a
Minor Capital Works	175	200
Sustainable Energy Works	25	5
As part of major void works	200	20
Total	9,460	

- 3.11 The programme includes Mechanical and Electrical works of £1.350 million. Evidence from stock surveys suggests a major investment in electrical upgrading will be required in the future. As such there is a need to ensure the most effective future rewiring programmes are put in place. To meet this need £1.250 million has been allocated for specialist electrical surveys, specifying works required, putting in place a long-term future renewal programme & undertaking any urgent health and safety works arising. This survey and works project will enable a strategic rewiring works programme to be clearly set out for the stock and will specify how and where improved sustainability measures, such as smart meters, energy use displays for residents and improved lighting & controls, can be introduced when improvement works take place.
- 3.12 In addition, essential rewiring works will be carried to the Queensway blocks including improving lighting and controls at an estimated cost of £0.080 million.
- 3.13 Heating works at a cost of £3.865 million are provided through an efficient five year install and maintenance contract. The revised programme includes an additional £0.627 million investment in improving gas boilers and in total will increase decency to 180 homes. In addition it is proposed to invest £0.025 million from the energy efficiency grant funding we have received to install approximately 5 solar systems on appropriate dwellings as part of our commitment to further reducing the carbon emissions associated with the stock, and to reduce fuel poverty.
- 3.14 A contract for the essential health and safety repairs to brickwork to Somerset and Wiltshire high rise blocks has now been agreed at a cost of £1.080 million. As a result of planning granted on 3rd March 2009 works are scheduled to commence in the first quarter of 2009/10, following leaseholder consultation.

- 3.15 The improvements insulation programme has been reduced to £50,000 for 2009/09, this is following a further sample property survey that has taken place during this year. From the survey and subsequent update of our APEX stock condition data now reveals that the budget of £50k for 2009/10 is sufficient to meet our property insulation requirement.
- 3.16 It is proposed to increase the Door replacement programme by a further 690 doors resulting in 4,230 replacements for 2009/10. This programme continues the 2007/08 programme for replacement doors using the LHC framework.
- 3.17 General refurbishment works also include urgent health and safety structural works that are required to Sylvan Hall and Highbrook Close. Vertical damp proof coursing (DPC's) are needed to be installed to the common way staircase windows of Sylvan Hall to prevent further water ingress and damage to internal surfaces. Depending on what is found during the exposure of brickwork further works may be required in future years to complete work on all the blocks affected. Urgent repointing work is required to the south and west elevations of Highbrook Close. The commencement of these works are estimated to cost £0.050 million each in 2009/10 and will be tendered through normal procurement channels.
- 3.18 Fire risk assessments surveys have identified work that is required to common ways. This work includes the upgrading of common way fire doors, emergency lighting and fire alarms. Risk assessments have been carried out on a number of communal water supply systems and these reports have indicated a number of items that require remedial works, this work varies from alterations to supply tanks and changes in water supply pipework.
- 3.19 Under the general refurbishment programme provision has been made for feasibility studies and for some works providing self contained bathing facilities in 3 sheltered schemes currently with shared facilities. This provision has been made as a result of the proposals put forward from the Sheltered Housing Focus Group, with a report updating the work from this group also being presented at the Housing Management Consultative meeting.
- 3.20 The revised programme proposes an increase in funding of £0.500 million for kitchen and bathroom replacements increasing the budget to £2.620 million. The works are carried out by our responsive repairs and maintenance contractors and will provide 430 new kitchens and 419 bathrooms.
- 3.21 Structural refurbishment of St James House car park is required. A structural appraisal recently carried out has indicated the need for a major structural survey and works. These works have been estimated at £0.300 million. In addition to the structural works required changes to the boiler flue emissions at St James House are also required. The works require a new flue dilution unit and will be undertaken at the same time as the structural works to the car park, the work is now estimated at £0.070 million. This is an additional £0.040 million than previously estimated to comply with the noise reduction requirements specified by the Planning Department. Further investigation and assessment is also required to ascertain whether the new flue dilution unit can be included within the car park itself.

- 3.22 The capital programme also includes £1.750 million for works to empty properties to bring these up to a standard for letting and also repairs to tenant's properties which due to their value are classified as capital rather than revenue repairs.
- 3.23 The programme continues to include an annual budget of £0.540 million for Estate Development and £0.750 million for Disabled Aids and Adaptations in line with tenants' priorities. These budgets have increased to £1.213 million and £0.850 million respectively when including the re-profiled budget carried forward from 2008/09.

CAPITAL RESERVES

- 3.24 The planned maintenance and improvement programme has been based on the need identified from the asset management system which is informed from various internal and external surveys of properties. There are occasions when elements of properties will unexpectedly fail and need emergency repair or when urgent works are identified from surveys. A contingent sum of £1.145 million is held in capital reserves to cover unforeseen failures during the financial year as detailed below. The use of these contingencies would need to be reported when required.

Contingency Held in Reserves	£'000
Lift Repairs	200
Water storage / Ventilation	100
Door Entry /Alarms	125
Asbestos Management	120
Specialist advisors	100
Launderette DDA works	200
Structural repairs	300
Total	1,145

4. CONSULTATION

- 4.1 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.
- 4.2 Full consultation on the detail of the individual projects will be carried out with all residents in the properties concerned, regardless of their individual tenure. Residents and Tenant Associations will be fully included in this consultation.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The main financial implications are included with the report. The South East Regional Housing Board has allocated borrowing approval of £1.230 million for 2009/10. The interest costs of this borrowing are funded by Housing Subsidy and included in the HRA Revenue Budget for 2009/10. Revenue contributions to capital schemes of £4.854 million are also included in the 2009/10 Revenue Budget.

Finance Officer Consulted: Sue Chapman Date: 2/03/09

Legal Implications:

- 5.2 The Council is obliged to keep a separate Housing Revenue Account by virtue of the Local Government and Housing Act 1989. In connection with human rights and the Human Rights Act 1998 there is no specific right to housing. However, in exercising its housing powers the council has to have regard to human rights, in particular the rights to respect for private life and family and to the protection of property.

Lawyer Consulted: Liz Woodley Date: 3/3/09

Equalities Implications:

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

Sustainability Implications:

- 5.4 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:

- 5.5 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 and Opportunity Management Implications:

- 5.6 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:

- 5.7 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.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 No alternative options were considered.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The changes to the capital budgets are necessary to set a capital programme that meets the current priorities for investment. The council's constitution and financial regulations require that amendments to capital budgets are approved through the Cabinet committee system.

SUPPORTING DOCUMENTATION

Appendices:

1. Proposed HRA Capital Programme 2009/10.

Documents In Members' Rooms

1. None

Background Documents

1. None

Proposed Planned Maintenance and Improvement Programme 2009/10

Scheme	2009/10 Original Budget	Revisions to 2009/10 Budget	Reprofiling Budget from 2008/09	2009/10 Adjusted Budget
	£'000	£'000	£'000	£'000
Mechanical & Electrical				
Electrical Surveys, Specifying, setting future renewal programme & works arising		1,250		1,250
Queensway Communal Rewiring & Lighting		80		80
Laundry Repairs	20			20
Total	20	1,330	0	1,350
Heating				
Communal Heating Repairs	50			50
Central Heating Distribution Systems	1,300		(50)	1,250
Central Heating Boilers	1,100			1,100
Improvement - Full Install Gas Central Heating	398			398
Improvement - Install/Upgrade Gas Boiler	75	627		702
Leach Court Boilers			365	365
Total	2,923	627	315	3,865
General Refurbishment				
Somerset & Wiltshire Structural Repairs		(915)	1,960	1,045
Windows replacement programme	150		(50)	100
Citywide door replacement	420	300	1,120	1,840
Improvements to Insulation	234	(184)		50
Sylvan Hall structural works		50		50
Highbrook Close structural works		50		50
Water Storage and Supply		150		150
Fire Risk Works		385		385
Sheltered Schemes – feasibility studies & alterations for self-contained bathing facilities.		298		298
Total	804	134	3,030	3,968
Kitchen & Bathroom Replacements				
Kitchen replacements	1,400	300		1,700
Bathroom replacements	720	200		920
Total	2,120	500	0	2,620
Redecorations & Repairs				
Planned Redecoration Programme	2,500		863	3,363
Total	2,500	0	863	3,363
Car Parks & Garages				
General Car Parks & Garages	40			40
St James Car Park Structural & Flue Dilation Works		340	30	370
Total	40	340	30	410

Scheme	2009/10 Original Budget	Revisions to 2009/10 Budget	Reprofiling Budget from 2008/09	2009/10 Adjusted Budget
	£'000	£'000	£'000	£'000
Capital Repairs & Empty Properties				
Empty Properties Major Repairs	300	200		500
Minor Capital Works	1,250			1,250
Total	1,550	200	0	1,750
Consultancy Fees				
Procurement Long Term Agreements	306			306
Cyclical redecorations	123			123
Somerset & Wiltshire		(15)	50	35
Total	429	(15)	50	464
Other Budgets				
Adaptations - Property Extension			60	60
Estate Development Budget	540		673	1,213
Disabled Aids & Adaptations	750		100	850
Total	1,290	0	833	2,123
Grand Total	11,676	3,116	5,121	19,913