

Subject:	Housing Revenue Account Capital Programme 2010-2013		
Date of Meeting:	11 February 2010		
Report of:	Director of Adult Social Care Housing Director of Finance & Resources		
Contact Officer:	Name: David Gray	Tel: 29-3857	
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Key Decision:	Yes	Forward Plan No: CAB13996	
Wards Affected:	All		

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

- 1.1 This report seeks approval for the 2010/11 capital programme and provides a provisional capital programme for the following two years, 2011/12 & 2012/13, for the Housing Revenue Account (HRA). This report 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 12,300 properties and 2,230 leasehold properties.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the capital programme budget of £23.975 million and financing for 2010/11 as set out in paragraph 3.7.

3. HRA CAPITAL PROGRAMME 2010-2013**Strategic Context**

- 3.1 The 2010 - 2013 provisional HRA Capital Programme has been set within the context of the overall aim of 'achieving excellence'. It sets out to do this by focusing on five core strategic priorities as detailed in the Housing Management Service Improvement Plan 2009 - 2012. These 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 award to Mears Limited of the long term partnering contract to deliver repairs, maintenance and improvements to the council's housing stock will enable the council to deliver the priorities in the Improvement Plan. The mobilisation of this new partnership, ready for April presents a key opportunity to improve the services delivered to tenants. This partnership represents the majority of the capital investment with the exception of specialised service contracts and a proportion of the city's gas contract.
- 3.3 In order to deliver the new partnership the council has approved funding for the refurbishment of an industrial unit on the Fairway Trading Estate, Eastergate Road in Brighton as a Super Centre. The proposal brings significant benefits to the council and residents, as well as 'added value' benefits to the wider community and city. The proposed centre will provide an integrated approach to the maintenance and improvement of the council's housing stock, including:
- Co-location with BHCC's retained staff
 - Integrated customer access
 - Co-location of supply chain partner with on-site stores
 - An onsite training academy for trade apprentices
 - An onsite kitchen manufacturing workshop
- 3.4 The costs of the refurbishment of the Super 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.
- 3.5 Investment in ICT is also key in the delivery of the Service Improvement Plan and a project team is being set up to identify a replacement system for the current Housing Management system. The current system has limitations in respect of the effective preparation, monitoring and overall management of contracts, performance management and customer service monitoring. There are also improvements required for sound asset management, particularly in terms of identifying needed and effective short-medium and long term programmes of work that continuously improve the housing stock condition to a position the council can be proud of. A provisional sum of £0.7 million has been allocated over the next two years to fund the implementation and replacement of a new housing management system.
- 3.6 The council has also committed to achieve the Decent Homes Standard by the end of 2013. The current level of decency for the city is 59.7% (as at the end of October 2009) and the three year programme aims to achieve a target increase to over 75% decency by March 2011 and over 90% by March 2013.

Funding

- 3.7 The proposed programme for 2010/11 and the funding arrangements are outlined below.

	2010/11 £'000
CAPITAL SCHEMES:	
Planned Programme	23,475
ICT	500
Total budget requirement	23,975
FUNDED BY:	
Major Repairs Allowance	9,352
Housing Capital Allocation	1,230
Revenue Contribution to Capital	3,543
Unsupported Borrowing	9,000
Capital reserves	850
Funding available	23,975

- 3.8 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, unsupported borrowing and reserves.
- 3.9 The programme now includes unsupported borrowing of £9 million. The capital and interest repayments will be funded from the Major Repairs Allowance and the HRA capital financing revenue budget.
- 3.10 The 2010/11 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. The budget also assumes that capital receipts from the leasing of properties to the LDV are utilised from 2011/12.
- 3.11 There is the potential to leverage in additional external funds such as carbons reduction funding from projects that reduce energy usage. There is also the opportunity to benefit from the national scheme called Community Energy Saving Programme, a multi-tenure area based initiative due to run until the end of 2012, for which some parts of the councils' housing stock could be eligible. A project has been set up with our partners and private sector housing, to ensure that all opportunities for receiving funding from large utility companies are maximised. Once agreements have been reached and additional resources are known, any changes to the capital programme will be reported to Cabinet.

Investment Programme

- 3.12 The investment programme for 2010/11 is £23.475 million and is detailed in Appendix 1, along with the provisional programme for the following two years.

- 3.13 The 3 year Capital Investment Plans will provide the council with long-term works information which will enable the council to build, achieve and sustain consistently high levels of quality management and customer service to both general housing and sheltered schemes across the city. This plan will help to ensure proactive, efficient, effective pre-planning as well as continuously improving resident liaison and overall engagement and involvement. The plan continues to show the council's commitment to communicate plans and intentions and further develops one of key objectives of transparency.
- 3.14 The success of the 3 year plan is dependant upon the council's engagement of both Mears and residents throughout the whole process and ensuring that the council listens and learns from previous endeavours.
- 3.15 The planned 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. The outline information of the intentions and commitments over the next three years were presented to all Area Panels and HMCC in December 2009. The strategic outline plans are currently being developed into meaningful geographical area 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.
- 3.16 The budget 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.
- 3.17 The investment programme does not include a budget for installation of new TV Ariel's as it is anticipated that these will be funded through service charges to leaseholders and tenants. Once the outcome of the procurement exercise is known, the costs and associated service charges will be reported to Housing Cabinet and Housing Management Consultative Committee.
- 3.18 Sheltered schemes will be subject to a considered refurbishment and modernisation programme. The 2010/11 budget includes provision for Laburnum and Jasmine Court to have individual bathrooms installed, allowing residents to enjoy fully self-contained dwellings for the first time.
- 3.19 Broadfields will receive external repairs and high quality flat entrance doors are to be installed in Leach Court and Somerset Point. Additionally, the Leach Court heating system is to be upgraded and a rolling programme to upgrade internal corridor doors will begin. This final programme falls within the overall fire risk management budget, and a detailed programme is to be agreed in consultation with the Sheltered Housing Action Group, taking into account the fire risk priorities and the need for mobility scooter storage.
- 3.20 Sheltered gas boiler and heating system upgrades fall within the citywide installation and replacement programmes. It is planned to produce proposals for the detailed decent homes projects to sheltered blocks from 2011/12 onwards, in

liaison with the Sheltered Housing Action Group and other relevant resident groups, during the first half of the 2010/11 financial year, when additional survey information will be available.

- 3.21 The minor capital works budget now includes a provision for programmed works identified by residents requesting repairs. This plan enables the council to apply a more strategic approach to responsive repair works that are of a larger scale nature such as damp-proofing, plastering, windows, doors, roof replacement works. The council will always attend to immediate health and safety requirements and initially carry out patch and repair works (where appropriate). The planned works will then be programmed in conjunction with other major planned works that are scheduled to be done within that or the following year.
- 3.22 The energy efficiency budget of £1.400 million includes a provision for continuing to survey communal areas to ensure that any energy provision in these areas is programmed into future year's plans to incrementally reduce the energy use and overall unit cost and at the same time improve general lighting and safety in these areas. Other energy efficiency also includes cladding and insulation works.
- 3.23 The disabled Aids and Adaptations works will now be integrated into Decent Homes works where it makes sense to do so. This will facilitate consideration being given to make all of the decent homes work as easily as possible to adapt at a later date should this become necessary. In addition this will provide consideration to future proof the property, within decent homes works, to some extent, against tenants needing additional aids to maintain living comfortably in their home in the future. The 2010/11 budget has also been increased to £0.850 million to meet the current level of demand.
- 3.24 The Estate Development Budget is included within the three year capital programme at £0.540 million per annum. One of the objectives for 2010/11 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. Mears will be encouraged to come forward with proposals such as community project works where volunteer labour is provided by Mears free so as to make financial resources go even further. EDB bids will be integrated into larger planned programmes of works in order to achieve greater economies of scale and therefore get more for EDB money.

4. CONSULTATION

- 4.1 The asset management panel (AMP) have successfully and effectively worked with BHCC staff to procure through an open and competitive process Mears limited to help us deliver a ten year partnered repairs and improvement service contract. The AMP continues to work closely with BHCC staff to ensure that contract expectations and contract requirements are as a minimum met and over-achieved where possible.
- 4.2 The outline information of the intentions and commitments of the capital programme over the next three years was presented to all Area Panels and HMCC in December 2009. The detailed programmes are currently being

developed and once finalised further details will be reported to Area Panels and individual associates to discuss the works programming further.

- 4.3 All leaseholders have been or will be consulted about individual contracts carried out as part of the programme in full compliance with the Common hold and Leasehold Reform Act 2002.
- 4.4 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. Residents and Tenant Associations will be fully included in this consultation this also includes the asset management panel and the repairs and maintenance monitoring group to ensure we have cross city communication and awareness.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Sue Chapman *Date: 05/01/10*

Legal Implications

- 5.2 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: 20/01/10*

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 & 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 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 2010-13

Documents in Members' Rooms

None

Background Documents

None

