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<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>16<sup>th</sup> APRIL 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>

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## **1. Recommendations**

- 1.1 Members approve this year end 2014/2015 progress report for the Housing Capital Investment Programme which includes both the Improvement Programme to current stock and the New Build and Acquisition Programme.
- 1.2 For future progress reports to be presented to the respective June and November Committee dates, this will ensure actual completions for end of year and half yearly milestones (31 March and 30 September) can be presented rather than the current predicted/anticipated completions, which have to be used to meet the current committee dates.

## **2. Purpose of Report**

- 2.1 To provide full and half year progress reports on the Capital Improvement, new build and acquisition programme, as requested at the February Committee 2012, which details the anticipated progress to the end of March 2015 and the remainder of the five year programme to March 2017.

## **3. Section A - Improvement Programme**

- 3.1 Expenditure and Completions.
  - 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 shows what was originally anticipated to be completed by 31 March 2015 compared to the actual outturn (albeit March 2015 remains an estimate, at the time of writing this report).

3.1.3 Although there is clear variance in some projects from the programme as at 31 March 2015, no individual or combined projects have gone over the overall 5 year budget.

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 (£)/ Numbers Completed to 31 <sup>st</sup> March 2015	Total Anticipated Expenditure (£)/ Numbers Completed to 31 <sup>st</sup> March 2015	Variance – Expenditure (£)/ Numbers Completed	Percentage Complete
Planned External Maintenance	£1,954,000	£1,723,305	-£230,695	88.2%
Property Numbers	1,849	1,516	-333	82.0%
Kitchen Replacements	£2,300,000	£1,582,788	-£717,212	68.8%
Property Numbers	822	587	-235	71.4%
Bathroom Replacements	£970,000	£1,075,041	£105,041	110.8%
Property Numbers	538	498	-40	92.6%
Central Heating Upgrades	£2,550,000	£2,626,261	£76,261	103.0%
Property Numbers	850	997	147	117.3%
Electrical Rewires	£1,750,000	£1,814,266	£64,266	103.7%
Property Numbers	796	692	-104	86.9%
Roofing	£1,800,000	£2,885,883	£1,085,883	160.3%
Property Numbers	317	587	270	185.2%
External Insulation	£510,000	£561,868	£51,868	110.2%
Property Numbers	-	89		
Loft Insulation	£190,000	£16,492	-£173,508	8.7%
Property Numbers	-	112		
Door Replacements	£450,000	£327,520	-£122,480	72.8%
Property Numbers	-	574		
Window Replacements	£250,000	£430,307	£180,307	172.1%
Property Numbers	-	170		

Scheme	Total budget (£)/ Numbers Completed to 31 <sup>st</sup> March 2015	Total Anticipated Expenditure (£)/ Numbers Completed to 31 <sup>st</sup> March 2015	Variance – Expenditure (£)/ Numbers Completed	Percentage Complete
Showers and Extract Fans	£1,600,000	£758,380	-£841,620	47.4%
Property Numbers	1,600	839	-761	52.4%
Smoke Alarms	£620,000	£226,837	-£393,163	36.6%
Property Numbers	-	1,450		
Non Traditional Properties	£220,000	£14,349	-£205,651	6.5%
Property Numbers	-	0		
Environmental and Garage Site Improvements	£450,000	£126,619	-£323,381	28.1%
Numbers	-	2		
Community Rooms / Communal Areas	£50,000	£14,093	-£35,907	28.2%
Numbers	-	1		
Lift Replacements	£90,000	£126,899	£36,899	141.0%
Numbers	3	3		
Unforeseen Decent Homes Work	£172,019	£84,487	-£87,532	49.1%
Property Numbers	-	23		
<b>TOTAL PROGRAMME</b>	<b>£15,932,791</b>	<b>£14,403,513</b>	<b>-£1,529,278</b>	<b>90.4%</b>

*Table 1 – Budget, Actual Expenditure and Completed Properties*

3.1.5 From slower than anticipated starts on the new contracts that commenced in January 2014 (i.e. Planned Maintenance, Kitchens, Bathrooms, Door and Window Replacements and over-bath Showers), due to the Corporate procurement review in 2013, the number of completions are now beginning to realign closer with the original programme.

### 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 Unforeseen Decent Homes budget.
- 3.2.3 The 5 year programme was established based on the 2009 stock condition survey and inevitably over that time things change. The requirement to add additional properties to the programme increases, as unforeseen failures occur that could not have reasonably been predicted in 2009. However, it is still anticipated that overall, the original programme approved in February 2012 of £27.5m will not be exceeded, however, ensuring the stock remains decent is a fundamental principle of this programme, and continues to achieve target.

### 3.3 Procurement.

- 3.3.1 Contracts are in place for all of the major schemes, with the exception of any future External Wall Insulation. The previous tender was kept to a maximum two-year contract due to the uncertainty on grant aid. On completion of the existing works, a new contract will be procured prior to any further properties being insulated to ensure maximum exposure to obtaining grant funding. Currently an application is with the Energy Savings Trust for 6 further properties.
- 3.3.2 Of the recently tendered contracts, the first contract to be reviewed for a possible extension is the Domestic Electrical Rewiring Contract which was awarded to British Gas Social Housing Limited (trading as P.H.Jones) in November 2012. The contract is currently being negotiated for a further two years, based on the original contract terms and the fact the contractor is performing very well and achieving all its KPIs.

### 3.4 Environmental and Garage Sites Improvements

- 3.4.1 The pilot garage site improvement works were completed at Chatsworth Road, Newhall in August 2014 and all 23 inadequate garages have been replaced with 21 wider and longer garages to suit modern cars. All garages are currently let and the feedback so far has been very positive from customers, bringing back to life a former asset that was a liability to the Council.
- 3.4.2 The success of this project will drive the formalisation of a strategy to roll out across the district and proposals are now being prepared for four/five other sites and progressed in line with the approved budget.

### 3.6 External Wall Insulation

3.6.1 The Council has been extremely successful in obtaining grant funding and a total of 89 properties have received external insulation during the programme.

3.6.2 The works undertaken to-date received funding of £222,645 from Department of Energy and Climate Change (DECC).

### 3.7 Non- Traditional Properties.

3.7.1 Following full survey work by Michael Dyson and Associates of the non-traditional properties, arrangements are being made to follow up on the highlighted short term repairs.

3.7.2 There are some areas of deterioration in concrete joints and areas of decay in timber elements. The original programme budgeted for £200,000 worth of repairs, which are now estimated to be in the region of £652,500. Further work on the viability of such long-term investment now needs to be undertaken, and will be reported to committee in the early part of 2016.

## 4. Section B - New Build and Acquisition Programme

4.1.1 In April 2013, the Council approved the first phase of commitment to increase its stock by building new homes and/or by acquiring them, which the Council had not been able to do since 1991. The budget agreed for the provision of 50 homes was £5.37m.

4.1.2 One of the first actions completed was the 'buying back' of the only leased flat in a block of twenty-six flats at Smallthorn Place, Woodville, which has the added benefit of increasing the Council's strategic options relating to the site.

4.1.3 Full Planning Permission has been approved for 49 properties, as follows:

	Address	Number of Dwellings	House Types	Contractor	Start Date	Completion Date
1.	Lullington Road, Overseal	12 Dwellings	4 X 1 beds 5 X 2 beds 2 X 3 beds 1 X 4 beds	Robert Woodhead	June 2015	March 2016
2.	Coton Park, Linton	23 Dwellings	4 X 1 beds 10 X 2 beds 8 X 3 beds 1 X 4 bed	Keepmoat	March 2015	December 2015
3.	Pennine Way, Swadlincote	10 Dwellings	2 X 1 bed bungalows 6 X 2 beds 2 X 3 beds	Robert Woodhead	June 2015	March 2016
4.	St Catherine's Road, Newhall	2 Dwellings	2 X 2 beds	-	-	-
5.	Pine Grove, Newhall	2 Dwellings	2 X 1 bed bungalows	-	-	-

Table 2 – New Build Sites and Dwelling Numbers.

## 4.2 Current Position

4.2.1 Following the successful procurement process and the post tender analysis, three viable sites have been progressed, as detailed in table 3 below.

4.2.2 The viable sites are:

Address	Contractors	Start Date	Completion Date
Lullington Road, Overseal (12nr)	Robert Woodhead	June 2015	March 2016
Coton Park, Linton (23 nr)	KeepMoat	March 2015	December 2016
Pennine Way, Swadlincote (10 nr)	Robert Woodhead	June 2015	March 2016

*Table 3 – Awarded Contracts.*

4.2.3 The fourth and fifth site at St. Catherine's Road, Newhall and Pine Grove, Newhall are considered not to be economical viable based on the submitted tenders and it is proposed to subject these two sites to further options appraisal, and report the findings back to this committee.

4.2.4 The Council has recently been successful in obtaining Homes and Community Agency Investment Partner status and a £190,000 grant from the Homes and Community Agency for Pennine Way. Being successful as an Investment Partner allows the Council to bid for future funding, which enables the Housing Services to successfully continue with its ambitious programme of new build development within South Derbyshire and providing affordable, modern and decent homes for its residents and prospective residents.

## 4.3 Replacement acquisitions

4.3.1 Two acquisitions have been completed with modernisation works currently being completed on the most recent acquisition in Midway, the other currently successfully rented. By including these two acquisitions the original aim to build and acquire 50 homes within the original budget should still be achievable, and the outturn reported to this committee.

## 4.4 Phase 2 New Build and Acquisition Programme

4.4.1 The Housing Asset Manager is preparing a programme for phase 2 new build and acquisition and will presenting the findings towards the end of phase one, early in 2016, to this committee.

## 5. Financial Implications

5.1 The report is not proposing any increases to previously approved expenditure.

## 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 ensure that all stock meets the Decent Homes Standard. The New Build and Acquisition Programme increases the overall stock and provides high quality modern, energy efficient properties built to current standards.

**8. Background Papers**

None