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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>11<sup>th</sup> OCTOBER 2012</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF OPERATIONS AND MONITORING OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>LEE CARTER EXT 5957</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>PROGRESS REPORT: FIVE YEAR MAINTENANCE AND IMPROVEMENT PROGRAMMES FOR COUNCIL HOUSING 2012 - 2017</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCSO1</b>

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## **1. Recommendations**

- 1.1 That members note progress to date of the approved five year maintenance and improvement programme 2012 – 2017.
- 1.2 To approve amendments to the approved procurement plan to ensure works are procured in the most effective and efficient manner that allow the Council to fulfil the spend commitments in the originally allocated budget for 2012/2013.

## **2. Purpose of Report**

- 2.1 To provide members with an update on progress to date on the approved five year maintenance and improvement programme agreed at the Housing and Community Services Committee 2<sup>nd</sup> February 2012. The progress report was requested at the February Committee.
- 2.2 To inform members of any programmes that have been subject to minor changes following more detailed surveys and analysis, or unforeseen works that have occurred since the original committee report.
- 2.3 To seek approval from members that some projects should be brought forward, from 2013/2014. This would be to ensure that the Council spends its original budget allocation for 2012/2013 and keeps a broadly equal level of work over the initial five year programme period.

### **3. Detail**

#### **3.1 Decent Homes Standard**

3.1.1 All of the Council's properties remain decent as a result of the works undertaken to date this year, including the completion of unforeseen non decent works such as ad-hoc heating failures.

3.1.2 The updated stock condition survey and HRA business plan indicates a spend requirement of £26.5M over the five year period of 2012–2017. The programme for 2012/2013 is to spend £4.6m excluding disabled adaptations, to date (31.8.12) we have spent £1.5m. Details of this expenditure are contained within this report at 3.3.14 table 1.

#### **3.3 Planned Procurement Plan for the Five Year Period**

3.3.1 The planned external maintenance contract is in the final year of its current programme (ends 31<sup>st</sup> March 2013) and is on target to complete all the allocated works and budgetary spend. The next phase of this contract is programmed to be tendered during November/December 2012 for a start on site date of 1st April 2013.

3.3.2 The replacement Kitchens & Bathrooms contract is also in its final year before the next phase is tendered. The expenditure on bathrooms now warrants it being subject to a separate contract. The current year's programme and budget are on target. Details of the proposed procurement alterations for these contracts are detailed at 3.4.1.

3.3.3 The current central heating programme will finish 31<sup>st</sup> March 2013, and is on target to commit the allocated budget. The new contract is being tendered during November 2012, and it is proposed to start on site January 2013. Details of the proposed procurement alterations for this contract are detailed at 3.4.2.

3.3.4 The external insulation contract is currently out to tender and is scheduled to complete the programmed properties by 31<sup>st</sup> March 2013. However given that this is a new work area for us, that to some extent is weather dependent, there could be some underspend or 'slippage' on this programme.

3.3.5 The Council continues to improve the loft insulation standards to the latest requirement, currently 275mm in the loft space. This year's programme has the particular advantage, that following a tender process, the whole contract has been grant funded by the chosen provider and therefore saved the Council the allotted £168,000 budget.

3.3.6 The re-roofing programme has been tendered but is subject to a review of the procurement process, which has delayed a start on site. It is still hoped that this contract could commence during November 2012 but given the late start and that is also weather dependent there will be an underspend or slippage against the original programme.

- 3.3.7 The Council has made a commitment to tenants that all properties will have an over bath shower installed by 2017. Tenders for the shower upgrade programme were returned on the 17<sup>th</sup> September 2012 and (at the time of writing) are currently being processed to enable a start on site during October 2012. However, from this point in the year the budget for 2012/2013 may not be fully committed i.e. some slippage on the original programme envisaged. Details of the proposed alterations to the procurement plan are detailed at 3.4.1.
- 3.3.8 The Council has committed to ensuring that all 3043 properties have the latest mains connected smoke detectors installed and these works have started via the existing electrical rewire programme and have been incorporated into the recently tendered new electrical rewire contract, which is due to start on site in October. This will ensure that all rewired properties will be having the latest technology installed, as well as retro-fitting all other properties.
- 3.3.9 The pilot garage site improvements works are planned to start on site early January 2013. The pilot scheme will be reviewed to determine how the wider garage site programme moves forward in future years. A proposed schedule for the 2013/2014 environmental improvements is currently being drawn up and will be incorporated within the February 2013 Committee report.
- 3.3.10 Improvements and modernisations to supported housing communal rooms have been completed for 2012/2013. The remaining 4 years of the programme have budgets allocated to upgrade all other communal rooms and areas.
- 3.3.11 Lift upgrades/replacements to flat accommodation blocks are currently out to tender. These works will be co-ordinated, planned and carried out in consultation with the residents who rely on such essential facilities, to ensure that little or no loss of amenity is experienced whilst the works are being undertaken. Once the tenders have been received it may be possible to bring forward all the lift works into 2012/2013 financial year. See 3.4.5 for proposed changes to the procurement plan.
- 3.3.12 The Council has 222 properties classed as non-traditional construction. The Council has undertaken an initial investigation into the future of these properties, and requires some external specialist advice to formulate a strategy for the future of non-traditional properties and this will be arranged during the remainder of the financial year.
- 3.3.13 The table below shows spend to date and comments detail actions for under/overspends:

Table 1: Progress on Spending Plan 2012/13 (Excluding Disabled Adaptations and Capital Salaries)

<b>EXPENDITURE PROFILE</b>	<b>Total 2012-2013</b>	<b>Spend to 31.8.12</b>	<b>Comments</b>
Planned external maintenance	635,000	337,000	On target to spend remaining budget
Kitchen replacements	750,000	294,000	On target to spend remaining budget
Bathroom replacements	270,000	106,000	On target to spend remaining budget
Central heating upgrades	750,000	280,000	On target to spend remaining budget
Electrical rewires	550,000	248,000	On target to spend remaining budget
Roofing	300,000	0.00	Procurement delays. Likely to be 'slippage' of at least £100,000.
External insulation	160,000	0.00	Out to tender, plan to spend budget
Loft Insulation	168,000	0.00	All fully grant funded.
Door replacements	150,000	95,000	On target to spend remaining budget
Window replacements	100,000	100,000	Complete
Showers	400,000	41,000	Out to tender. Possible slippage / underspend this year. Spend to date is through extension of current bathroom contract.
Smoke Alarms	120,000	5,000	New contract start on site early October. On target to spend remaining budget
Non traditional properties	20,000	0.00	Currently procuring specialist advice. On target to spend feasibility budget
Environmental and garage site Improvements	150,000	0.00	Garage site pilot due to start on site January 2013. Likely to be some slippage this year
Community Rooms /communal areas	10,000	10,000	Complete
Lift replacements	30,000	0.00	Contract Specification documents being completed due out to tender October 2012. On target to spend remaining budget
Balancing figure for unforeseen Decent Homes work.	54,673	25,000	Heating failures. Likely to require remainder of budget, over winter

### 3.4 Proposed alterations to the approved Procurement Plan for the Five Year Period

3.4.1 It is proposed, due to the changes in the bathroom specification (the addition of over bath showers), that the kitchens and bathroom contracts are tendered separately for 2013/2014 and beyond, as the two disciplines require fundamentally different aspects. The advantage of splitting this contract would be to attract the more appropriate contractor for each element, and reduce the risks associated with putting significant amount of spend/programmes with one contractor.

- 3.4.2 The proposal is to re-tender the 2013/2014 central heating programme during November 2012, so that the programme can be commenced January 2013 to run alongside the existing contract which is due to expire on the 31 March 2013. The reason for accelerating the programme will assist the Council in achieving its proposed spending levels for 2012/2013, due to the current and potential under spends in other areas most noticeably the £168,000 saving on the loft insulation contract. See 3.3.5.
- 3.4.3 To increase the 2012/2013 spend it is proposed to accelerate the 2013/2014 windows replacement programme and increase the budget for 2012/2013 to £195,000.
- 3.4.4 It is proposed to accelerate the bathroom and shower replacement programme and bring forward properties due for the installation in 2013/2014 to this years programme.
- 3.4.5 And finally due to the possible shortfall in spend for 2012/2013 it is proposed to complete all lift upgrade works this financial year. This will mean that all three commercial lifts the Council operates will be fully updated to the latest standards sooner than originally programmed.
- 3.4.6 The table below shows potential projects/programmes that may be accelerated to achieved 2012/2013 original budget allocation:

*Table 2: Proposed Increase in Programme to Achieve 2012/2013 Planned Expenditure*

<b><i>Proposed Additional Works</i></b>	<b><i>Total</i></b>	<b><i>Comments</i></b>
<i>Accelerate the central heating programme</i>	<b>210,000</b>	Bring forward the 2013/2014 programme to start January 2013
<i>Increase Window Replacements</i>	<b>95,000</b>	Bring forward window replacements from 2013 onwards
<i>Increase Bathroom replacements</i>	<b>85,000</b>	Bring forward bathroom and showers from 2013 onwards
<i>Accelerate Lift Improvements</i>	<b>45,000</b>	Bring forward lift improvements from 2013 onwards

### 3.5 Decoration Vouchers

- 3.5.1 When undertaking invasive works such as electrical rewires, kitchen and bathroom renewals etc, the tenants affected are offered decoration vouchers to assist them in purchasing materials to make good decoration after the works are completed. However where tenants are in rent arrears the equivalent value of the vouchers are deducted from their arrears rather than vouchers being allocated.

### 3.6 Disabled Adaptations

3.6.1 The disabled adaptations function has a total budget of £500,000 a combination of major repairs allowance and housing revenue account monies, and to date has spent £188,500. It is anticipated that this budget allocation will be fully committed by the 31 March 2013. The adaptations process and budget monitoring continues to be managed and procured as part of the Housing Strategy team's responsibilities.

### 3.7 Renewable Heating Schemes - Update

3.7.1 The Council's first district heating scheme using ground source heat pumps (GSHP) was completed on the 31 March 2012 at Brook Street, Hartshorne to 18 sheltered flats, as agreed at this Committee at the 24<sup>th</sup> November 2011 meeting. The project is the first sustainable district heating scheme the Council has installed.

3.7.2 The Council is continuing to investigate other forms of sustainable heating and is currently drawing up plans to complete another scheme during 2013/2014, which will be reported to committee in February 2013

## 4. Financial Implications

4.1 The report is not proposing an overall increase in expenditure. It is proposing adjustments to previously profiled spend for the current and next year to ensure that spend over the agreed five year programme remains reasonably balanced.

## 5. Corporate Implications

5.1 The corporate implications of the approved five year programme has direct relevancy on all four of the Council's corporate themes and specifically on a number of priorities contained within each theme.

## 6. Community Implications

6.1 The approved five year programme is delivering on tenant priorities of replacing tired and outworn internal fittings, environmental improvements and the provision for overbath showers.

## 7. Background Papers

7.1 Housing and Community Services Committee – February 2012

7.2 Housing Revenue Account Business Plan June 2011