

<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>3<sup>rd</sup> FEBRUARY 2011</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF COMMUNITY SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>GARY CLARKSON EXT 5897</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>FIVE YEAR MAINTENANCE AND IMPROVEMENT PROGRAMMES FOR COUNCIL HOUSING 2010 - 2015</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCSO1</b>

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## **1.0 Recommendations**

- 1.1 Approve the expenditure proposals contained within the report subject to annual approval of the Major Repairs Allowance and contributions from the Housing Revenue Account.

## **2.0 Purpose of Report**

- 2.1 To provide members with an update following last year's approval of a five-year Major Repairs, Planned Maintenance and Improvements Programme, subject to available finance.

## **3.0 Detail**

### **3.1 Decent Homes Standard**

- 3.1.1 All of the Council's properties were recorded as meeting the Decent Homes Standard at the target date of 31<sup>st</sup> December 2010.
- 3.1.2 All of the properties identified as non-decent in the 2009 Stock Condition Survey were already planned for inclusion in a programme prior to the target date, or were prioritised for the 2010–2011 contracts, to ensure that this target was met.
- 3.1.3 Due to the anticipated available finance being less than indicated as being required by the 2009 Stock Condition Survey, it is certain that the Council will not be able to continue to meet the Decent Homes Standard at current investment levels. It is difficult to be specific about when this will be, but certainly within the next two years. To recap, the 2009 Stock Condition Survey indicates a spend requirement of £23.4M over the five year period of 2010–2015 and the likely available finance (with investment being maintained at recent levels) will be around £11.2M, creating a shortfall of £12.2M.

### 3.2 Major Repairs, Planned External Maintenance and Improvements Programme

- 3.2.1 Last year's report proposed the commencement of a five-year programme of major repairs, planned external maintenance and improvements instead of approval for the usual single year, to enable longer term planning that would benefit the Council, it's contractors and more importantly it's tenants.
- 3.2.2 Last year's report also suggested revisions to the five cycles of planned external maintenance, which was approved and is included in Appendix 1 for reference.
- 3.2.3 At the time of preparing last year's report, the Major Repairs Allowance (MRA) budget for 2010–2011 was not known, and the report was prepared on the basis of the 2009–2010 budget of £1,895,827. The confirmed MRA was £1,915,839 which was an increase of 1.1%
- 3.2.4 The MRA budget for 2011–2012 is £1,914,907 which is a reduction of £932 (0.05%) on the 2010–2011 allowance. The allowance is calculated on the number of units in management and although the unit amount has increased very marginally, the number of managed units has decreased due to Right to Buys.
- 3.2.5 Last year's report included a budget increase for disabled facilities adaptations in 2010-2011 of 5% from the 2009-2010 approved budget (itself a 15% increase over the previous two years). The agreed report stated that further annual increases would be in line with the annual increase applied to the whole of the MRA. However in light of the fact that overall MRA funding in 2011/12 is broadly the same as the previous year it also proposed to hold adaptations funding at the same level i.e. the MRA funding for adaptations is proposed to remain at £194,000. The additional Housing Revenue Allowance for adaptations is included in item 3.5.
- 3.2.6 The allowance from the Housing Revenue Account (HRA) in 2011-2012 for planned external maintenance is proposed at £620,000. This is a reduction of £52,500 from the budget for the current 2010-2011 financial year as a result of increased demand on the HRA under other budget headings.
- 3.2.7 The available finance for 2011-2012 includes a predicted carry over of £146,729 which includes for committed works that have not been completed, such as the refurbishment of 55 George Street, and the £80,000 budget ring fenced for renewable heating (see item 3.4).
- 3.2.8 The breakdown of available finance for the 2011–2012 financial year is therefore, as follows:

Total MRA budget		£1,914,907
<b>Less</b> Capital Salaries	<b>-£160,327</b>	
<b>Less</b> Adaptations Allowance	<b>-£194,000</b>	<b>-£354,327</b>
<b>Add</b> HRA Planned External Maintenance		£620,000
<b>Add</b> Carry over from previous year.		£146,729
<b>Total</b> available budget		<u>£2,327,309</u>

Table 1: Budget

3.2.9 The anticipated spending plan for the 2011–2012 financial year is as follows:

<b>Code</b>	<b>Description</b>	<b>Allocation</b>
12120	Planned external maintenance	£620,000
31210	Kitchen replacements	£336,000
31211	Central heating upgrades	£380,000
31214	Window replacements	£50,000
31215	Bathroom replacements	£50,000
31217	Loft Insulation	£168,000
31218	Electrical Rewires	£400,000
31220	Door replacements	£175,000
31235	Communal TV aerials	£1,580
31208	Renewable Heating project	£80,000
31233	Balancing figure for unforeseen work.	£6,729
31233	55 George Street, Church Gresley.	£60,000
	<b>Total</b>	<b>£2,327,309</b>

Table 2: Spending plan

### 3.3 Contracts commenced in 2010-2011

3.3.1 The Planned External Maintenance contract was tendered to cover a period of three years with the option for a two-year extension. This tender was won and awarded to Harvey & Clark Limited.

3.3.2 The Replacement Kitchens & Bathrooms contract was also tendered to cover a period of three years with the option for a two-year extension. This tender was won and awarded to Harvey & Clark Limited.

### 3.4 Renewable Heating Schemes

3.4.1 During the 2010 – 2011 financial year, we continued preliminary work into the viability of renewable heating schemes using new technologies for various groups of properties that are not on the mains gas network.

3.4.2 The preliminary work included looking at the options for a District Heating scheme (one boiler serving a number of properties) as well as the use of ground source and air source heat pumps on groups of properties as well as individual properties.

3.4.3 A district heating scheme using ground source heat pumps and an alternative for the same properties using a group scheme for air source heat pumps have reached an advanced stage. However, the preliminary work shows that the type and levels of top up grant funding are still uncertain. Until the proposed new levels of funding are published, we recommend that it would not be prudent to proceed with the project. These funding figures were expected to have been published prior to Christmas 2010, and are still awaited.

3.4.4 The viability of renewable energy and heating schemes is dependant on two types of government funding that is paid for a period of up to 25 years with the amount paid determined by the type of scheme and the level of renewable energy produced. The two types of funding are Feed In Tariffs (FIT) for where

electricity is produced and Renewable Heating Incentives (RHI) where heat is produced.

- 3.4.5 The RHI provides a fixed income for every kilowatt hour of heat produced. The system will benefit tenants with cheaper running costs whilst the Council will receive that RHI income to offset against the capital and maintenance costs of the system.
- 3.4.6 All of the investigation work was carried out without the need to pay consultants, so the entire ring fenced £80,000 will be carried forward into the 2010 – 2011 financial year.
- 3.4.7 The Service is also investigating the viability of progressing electricity generation schemes through the FIT mechanism. This work is being undertaken in conjunction with Environmental Services and should also come to fruition in the new financial year.

### 3.5 Disabled Adaptations

- 3.5.1 As stated earlier in the report, £194,000 is proposed to be allocated from the MRA for 2011-2012, with an additional amount of £115,500 proposed from the HRA to provide a total budget of £309,500. This amount remains the same as provided for the current financial year.
- 3.5.2 The current known pending demand for adaptations is 51 cases estimated to cost in the order of £205k. This year's budget is already fully committed i.e. the 51 cases will be the immediate priority from the £309,500 budget.

### 3.6 Digital TV switchover

- 3.6.1 The installation of Integrated Reception Systems to replace existing communal TV systems will commence in January 2011 and is expected to be complete by April 2011 in time for the switchover from an analogue system in August or September 2011.
- 3.6.2 The system will provide tenants with the widest choice of options, including the use of subscription satellite services (i.e. SKY) and non-subscription satellite services (i.e. Freesat) and will support High Definition options.
- 3.6.3 The scheme will include only for those properties that are currently on communal systems which is generally only flats and some bungalows. Tenants in properties that are on independent aerials have the freedom to choose their own method of upgrading at their own cost.
- 3.6.4 This project is mainly funded by £60,000 from the 2010-2011 programme and only marginal funding is required from the 2011-2012 budget.

## 4.0 Financial Implications

- 4.1 A continuation of committing resources along the lines detailed in this report is necessary to maintain the stock in the most coherent and consistent way possible.
- 4.2 This report provides members with a maintenance programme to meet the current finances available. Members are reminded that there is a shortfall of

approximately £12.2m in the first 5 year period, compared to the recommended maintenance and improvement requirement as stated in the 2009 Stock Condition Survey. This reduced maintenance programme may affect the long-term viability of the council housing stock and the Council's ability to continue to meet the Decent Homes Standard.

## **5.0 Corporate Implications**

- 5.1 Due to the shortfall in the available resources within the first five years of the 30 year plan, the Council will not be able to continue to meet the Decent Homes Standard.

## **6.0 Community Implications**

- 6.1 The proposed works will maintain the quality of the housing stock and improved central heating systems will increase the energy efficiency rating of the properties and contribute to reductions in CO<sup>2</sup> emissions in accordance with the Council's Housing and Corporate Strategies.

## **7.0 Background Papers**

- 7.1 Housing and Community Services Committee – February 2010
- 7.2 A good source of information for Feed In Tariffs (TIF) Feed In Tariffs (FIT) and Renewable Heating Incentives (RHI) can be found on the internet at: <http://www.fitariffs.co.uk/FITs/>

## Planned External Maintenance Programme Areas

<b>Cycle 1: 2010 - 2011</b>		<b>Total Properties</b>	<b>580</b>
Newhall	580		
<b>Cycle 2: 2011 - 2012</b>		<b>Total Properties</b>	<b>608</b>
Barrow on Trent	2		
Bretby	1		
Church Broughton	2		
Coton In The Elms	26		
Egginton	4		
Etwall	105		
Findern	50		
Hatton	113		
Hilton	72		
Lullington	4		
Netherseal	60		
Repton	62		
Rosliston	10		
Scropton	2		
Thurvaston	2		
Walton On Trent	53		
Willington	40		
<b>Cycle 3: 2012 - 2013</b>		<b>Total Properties</b>	<b>593</b>
Castle Gresley	78		
Church Gresley	199		
Linton	114		
Overseal	70		
Woodville	132		
<b>Cycle 4: 2013 - 2014</b>		<b>Total Properties</b>	<b>645</b>
Aston on Trent	13		
Elvaston	1		
Hartshorne	220		
Kings Newton	2		
Melbourne	191		
Shardlow	54		
Smisby	4		
Thulston	3		
Ticknall	10		
Upper Midway	123		
Weston On Trent	24		
<b>Cycle 5: 2014 - 2015</b>		<b>Total Properties</b>	<b>666</b>
Lower Midway	272		
Swadlincote	394		