	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">8 APRIL 2013</p>
<p>HRA ASSET MANAGEMENT PLAN 2013-16 AND HOUSING CAPITAL PROGRAMME 2013-14</p>	
<p>Report of the Cabinet Member for Housing – Councillor Andrew Johnson</p>	
<p>Open Report</p>	
<p>Classification : For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Melbourne Barrett, Executive Director, Housing and Regeneration Department</p>	
<p>Report Author: Stephen Kirrage, Director Asset Management and Property Services, Housing and Regeneration Department</p>	<p>Contact Details: Stephen.kirrage@lbhf.gov.uk 020-8753-3064</p>

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the Housing Revenue Account (HRA) Asset Management Plan 2013-2016, showing how this relates to the HRA 30 year business plan. It then provides specific details of the proposed 2013/14 housing capital programme, proposes budget envelopes for the following two years to allow for certainty when planning the forward programme, and seeks authority to proceed with the various projects identified in Appendix 2a.

2. RECOMMENDATIONS

- 2.1. That the HRA Asset Management Plan as set out in Appendix 1 of this report be endorsed and that approval be given to the underlying principles, broad objectives, and specific service priorities identified therein.
- 2.2. That the updated HRA 30 year business plan be endorsed, and it be noted that this now includes the updated and validated stock condition survey

information which underpins the HRA Asset Management Plan and assumes the backlog identified by the stock condition survey is caught up within 5 years.

- 2.3. That approval be given to the projects and schemes identified in this report as set out in Appendix 2 which form the 2013/14 Housing Capital Programme to the value of £37.037 million (the envelope of £37.037m having previously been agreed at Budget Council on 27 February 2013).
- 2.4. That approval be given to the budget envelope of £44.691 million for 2014/15 and £46.194 million for 2015/16 together with contributions of £22.5 million for 2014/15 and £22.263 million for 2015/16 from the decent neighbourhoods fund and to note that revenue contributions are starting to be made to the programme (this recommendation is subject to future quarterly / annual changes to the overall Council capital programme).
- 2.5. To delegate authority to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to award contracts over £100,000 and, if appropriate, exercise built-in options to extend such contracts in respect of any individual projects and schemes under the Housing Capital Programme identified in Appendix 2 of this report, in accordance with Contract Standing Order 9.4 and 9.4.1.
- 2.6. To delegate authority to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to approve future amendments to the 2013/14 programme for operational reasons where such amendments can be contained within the overall approved 2013/14 – 2015/16 budget envelope and available resources.

3. REASONS FOR DECISION

- 3.1 The adoption of the Housing Revenue Account (HRA) Asset Management Plan, based on an updated and validated stock condition survey information and the associated updated HRA 30 year business plan based on the HRA financial strategy¹ are essential to provide clear strategic guidance for future investment in the Council's housing stock. This is fundamentally about safely managing and maintaining the current housing stock and balancing assets, needs, and resources to deliver the Council's corporate objectives. The Plan sets out the Council's strategic approach and priorities relating to:
 - i. managing the housing related assets held in the Housing Revenue Account (HRA) to ensure stock is safe, sustainable and well managed;

¹ As last approved by Cabinet on 11th February 2013

- ii. its intentions to act as a strategic enabler to deliver large scale projects such as regeneration and new build.

3.2 Approval of the 2013/14 capital programme and the budget envelopes for the two subsequent years provides the delivery mechanism for the first of these two priorities and allows certainty when programming. It will enable the Council to continue to fulfil its statutory obligations and protect the health, safety and wellbeing of residents whilst preserving the integrity and asset value of the housing stock.

4. INTRODUCTION AND BACKGROUND

4.1. The HRA Asset Management Plan, attached at Appendix 1, sets out the Council's approach to managing the Council's buildings and land held in the Housing Revenue Account. It covers a range of activities to ensure that the housing stock of over 17,000 homes is well-maintained and able to meet the needs of residents, both now and in the future.

4.2. The plan is the first since the housing stock returned to Council management in April 2011. It seeks to build on the achievements of the decent homes initiative whilst acknowledging that programme's limitations. It establishes an investment plan that will enable the Council to maintain the stock at a decent standard whilst addressing the backlog of works not covered by the standard, particularly: lift modernisation; controlled entry upgrades; landlord's electrical services; cyclical external and communal repairs and redecoration; and improvements to curtilage areas and the public realm.

4.3. The HRA Asset Management Plan will seek to ensure that HRA buildings and land are used effectively, efficiently and in a sustainable manner thereby complementing the objectives of the 30-year business plan. The annual capital programme, and the prioritised projects therein, represent the implementation of these plans.

4.4. On 27 February 2013 Budget Council approved as part of the Council's capital programme a funding envelope of £37.0m for the housing capital programme for 2013/14. This report provides further details of the proposed projects to be undertaken in 2013/14 and of the proposed budget envelopes for 2014/15 and 2015/16. A list of schemes, including budget estimates, is provided in Appendix 2a.

5. PROPOSAL AND ISSUES

5.1. The Asset Management Plan

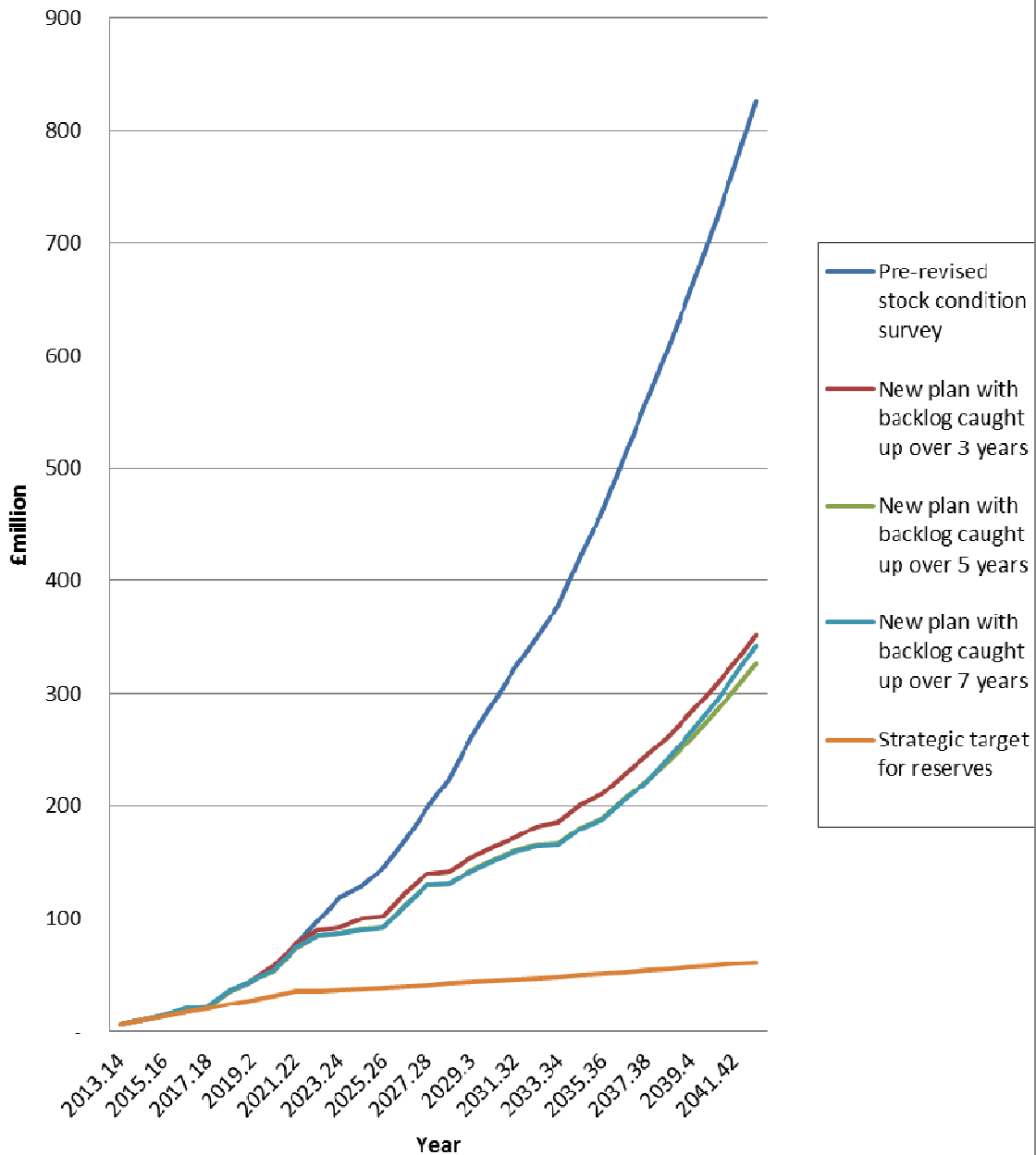
- 5.1.1 The HRA Asset Management Plan in Appendix 1 sets out the principles which will underpin investment decisions and the strategic objectives they are designed to meet. It discusses issues that might affect delivery of the plan such as procurement, income generation, and achieving value for money.
- 5.1.2 The Plan includes an update on the on-going review and validation of existing stock data and will continue to be refreshed as works are progressed as well as more generally on a periodic 3 to 4 year cycle following its conclusion, to ensure its continued robustness.
- 5.1.3 The report seeks approval for a three-year budget envelope which will further enable more efficient and proactive planning and procurement of contracts and provide greater certainty for residents about the likely timing and scope of future works. For example, the current annual approval makes it difficult to get on site with lift schemes in the same financial year as they are scoped and hinders delivery of these high-priority schemes.

5.2. Updated HRA 30 Year Business Plan

- 5.2.1 The current 30 year HRA business plan as presented to Cabinet on 11 February 2013 has been revised to include the new stock condition survey information, based on the HRA financial strategy² endorsed at that meeting. The debt remaining with the council following HRA reform will continue to be repaid as it falls due.
- 5.2.2 The business plan assumes that the repairs backlog is caught up within 5 years; this enables a smoother sales profile while at the same time restricting the potential impact of the repairs backlog on revenue repairs costs and containing the period over which the business plan contains a significant property market risk. The impact of the revised stock condition survey on HRA General Reserve balances is shown below, together with sensitivities showing the impact of catching up the repairs backlog over 3 and 7 years:

² The overall strategic financial objectives for the HRA are to: finance both the annual interest and repayments of the principal debt (£217.4m after HRA reform) as it becomes due; achieve a viable on-going maintenance programme that maintains the stock in good repair; increase the HRA reserves balance to protect against future shocks or unanticipated events to circa £35 million by 2022; free resources for investment in new initiatives including new housing supply; and to repay debt as it becomes due.

Housing Revenue Account General Reserves Projection by Asset Management Plan option over 30 years: 2013/14 - 2042/43



5.2.3 The key assumptions made have not changed since the plan which formed part of the HRA financial Strategy approved on 11 February 2013 save for:

- investment in existing stock has been updated to reflect the stock condition survey information which underpins the new HRA asset management plan;
- the backlog of works identified during the stock condition survey validation is assumed to be caught up within 5 years, although the 2013/14 programme envelope remains unchanged from that agreed at Budget Council;
- rents are increased in line with the rent restructuring formula for properties containing up to and including 3 bedrooms. For properties with 4 or more bedrooms it has been assumed that rents increase in line with the new rent formula as set out in the Housing Revenue Account Financial Strategy and Rent Increase 2013/14 report which went to Cabinet on 11th February 2013 ;
- 370 Limited Asset Based Void sales were required to cash flow the maintenance of the existing stock and repay debt as it falls due in the February 2013 business plan³. The revised plan now includes an additional 224 sales. Voids sales in the revised plan are phased as shown below:

Year	Number of Asset Based Void sales assumed:		
	Business Plan backlog caught up within 5 years	Sensitivity; backlog caught up within 3 years	Sensitivity; backlog caught up within 7 years
2013/14	70	70	70
2014/15	149	181	133
2015/16	103	135	87
2016/17	108	73	91
2017/18	88	58	74
2018/19	18	18	42
2019/20	13	13	37
2020/21	9	9	21
2021/22	4	4	0
2022/23	0	0	4
2023/24	23	23	23
2024/25	0	0	0
2025/26	9	9	9
Total	594	593	593

³ Funded via the Decent Neighbourhoods Fund

5.2.4 The business plan does not currently include any new development save for the conditional land sale agreement on the West Kensington and Gibbs Green Estates. It is anticipated there will be additional expensive void sales over and above the numbers assumed to fund new development not included in the plan.

5.2.5 The revised stock condition survey increases the reliance of the business plan on void sales and therefore increases the vulnerability of the business plan to any property market risk which might crystallise.

5.3. Detailed 2013/14 Capital Programme

5.3.1 The 2013/14 programme has been broadly divided into four categories as follows:

- Category 1: Prior commitments
- Category 2: Statutory works; health and safety priorities; capitalisation
- Category 3: Mechanical and electrical works; building structure
- Category 4: Internal amenities; estate environment; miscellaneous

Category 1: Prior commitments

5.3.2 Prior Commitments (£14.356m): This category includes approved contracts where works are continuing on site or where final accounts have yet to be settled. It also includes projects originally approved as part of the 2012/13 programme which are either expected to start on site before the end of the 2012/13 financial year or are still being developed.

5.3.3 Category 2: Statutory and health and safety works; capitalisation

5.3.4 Fire Safety Improvements (£1.500m): A management plan has been developed for the delivery of large-scale improvements to the borough's housing stock to comply with current regulations and best practice under The Regulatory Reform (Fire Safety) Order 2005. Specific works are dependent on the recommendations of detailed fire risk assessments and guidance from The London Fire Brigade. Works within the plan may include the replacement of communal or flat entrance doors, compartmentalisation of roof voids, improvements to means of escape and the like.

5.3.5 Waterhouse Close Fire Alarm system (£0.055m): This sheltered housing scheme currently has sensors within individual flats that send a signal via the warden call system. However, the signal can be blocked if the warden call is already in use and therefore the installation of a separate communal alarm system is recommended.

- 5.3.6 Water Tank Replacements (£0.349m): This is a rolling programme replacing old steel communal water tanks where the potential spread of legionella is identified as a risk during statutory biennial surveys or other site inspections. Blocks for the 2013/14 programme have been identified and, where necessary, works will also include the upgrade of loft spaces to ensure secure access and a safe working environment for operatives.
- 5.3.7 Disabled Adaptations (£0.800m): A programme delivering major adaptations to the homes of disabled tenants in order to meet their needs and statutory entitlements. The programme is important in restoring or enabling independent living, privacy, confidence, and dignity for individual tenants and their families. The Government Office for Disability Issues has published research showing that the provision of housing adaptations and equipment for disabled people produces savings to health and social care budgets by reducing the need for admission to, or facilitating the earlier discharge from, residential care; by reducing the need for home care; and by prevention of accidents within the home. The proposed budget is set to meet current demand.
- 5.3.8 Landlord's Electrical Installations (£0.553m): This programme seeks to ensure the safety and reliability of landlord's electrical installations and distribution systems. Blocks for the 2013/14 have been identified and proposed work includes the replacement of old cabling, risers and distribution boards, together with improvements to communal and external lighting where currently inadequate and the provision of emergency lighting where none exists.
- 5.3.9 Capitalisation Works (£5.375m): The day-to-day running of the housing repairs service will sometimes require works of a capital nature to be undertaken because circumstances mean they cannot be reasonably deferred to future planned programmes. Such work may include remedial works to address potential hazards, or to prevent deterioration of elements that would otherwise have a knock-on effect. The category includes the refurbishment of voids to ensure they remain in a lettable condition; the ad hoc replacement of defective central heating boilers; major asbestos removal or containment works; planned refurbishment of tenant and community halls; ad hoc roof replacements; major works to drainage and refuse facilities; and essential works to estate roads and play equipment.
- 5.3.10 Capitalisation Salaries/IT (£1.903m): The delivery of the programme requires building architects, mechanical and electrical engineers, project managers and support staff. These costs can be legitimately charged to capital as they are directly attributable to the works. A budget provision is included for the upgrade of existing and provision of new information technology systems to improve services and increase efficiency. A sound business case will need to be made before commissioning work against this budget.

5.3.11 Category 3: Mechanical and electrical works, building structure.

5.3.12 Communal Boiler replacements (£0.404m): Over 1,700 homes are connected to district heating systems. Many of the communal boilers supporting these systems are approaching or have exceeded the end of their economic lives and a phased programme of replacement is ongoing to ensure residents continue to receive efficient and effective heating. Schemes proposed in 2013/14 include Woodmans Mews, Meadowbank Close, Seagrave Road Estate, and Malvern Court.

5.3.13 Building Energy Management Systems Phase 2 (£0.205m): A separate report to this Cabinet seeks approval for the first phase of this programme. The installation of these systems will allow the much more efficient remote monitoring of district heating boilers and pump rooms and enable the early detection of defects.

5.3.14 Wall Insulation and other energy initiatives (£0.400m): The Council has in recent years been successful in accessing significant grants from external energy suppliers to support energy efficiency measures such as wall insulation, loft insulation, central heating boiler upgrades, draught proofing and so on. Officers are continuing to negotiate with suppliers to draw up plans for future works and to target the least energy efficient properties whilst maximising potential grant income. The calculations for energy grants are complex and dependant on various factors. Whilst 100% external funding is occasionally possible the Council will more usually be required to make some contribution to the cost of the scheme. A separate approval will be sought should the proposed budget provision prove inadequate to match-fund any future scheme where the financial case is compelling.

5.3.15 Lift modernisation (£1.627m): The Council's housing assets include in excess of 200 passenger lifts, the majority of which serve blocks of six or more storeys. Many of these lifts have exceeded or are approaching the end of their design life and are increasingly difficult to maintain due to obsolete parts. A programme of modernisation has been prioritised and individual sites identified. Sixteen lifts will have been modernised as part of the 2012/13 programme with a further twenty included in contracts pending approval. The 2013/14 programme seeks to continue this accelerated catch-up programme and thirty five lifts have been identified for full modernisation. Due to the long lead-in time for the design and manufacture of lifts these schemes are not expected to start on site until the latter part of the financial year and the individual scheme budgets will be re-profiled following tender approval. In addition, the ten lifts serving the tower blocks on the West Kensington Estate will be assessed for essential works.

- 5.3.16 Cyclical Planned Maintenance (£6.025m): The Council has recently entered into a three-year contract with Mitie Ltd to deliver a programme of preventative maintenance, repairs, and renewals, primarily to the stock that did not have external or communal works carried out under decent homes. The establishment of an effective preventative programme is essential to avoid much costly future failure and reduce the responsive repair workload. Where components need to be replaced this will be, where possible, in low-maintenance materials to reduce future decoration and pre-decoration repair bills.
- 5.3.17 Window/roof renewal and fabric repair (£0.750m): The decent homes programme effectively tackled those blocks where windows and roofs exceeded recommended life-cycles and were in poor condition prior to 2010. A continuing programme of window replacement, roof renewal, and associated works will be necessary to prevent properties falling into non-decency as major building elements age and their condition deteriorates. Peterborough Road and Planetree Court Sheltered Housing schemes have been identified as new starts for the current year.
- 5.3.18 Controlled Access (£0.750m): A ten-year programme to replace ageing systems has been prioritised and individual sites have been identified for 2013/14. In addition, those blocks which do not currently benefit from controlled access will be considered for installation where it is technically feasible, cost-effective, and supported by residents: Cox House and Horton House, Field Road Estate, are planned for 2013/14.
- 5.3.19 Category 4: Internal amenity, estate works, miscellaneous
- 5.3.20 Estates CCTV (£250k): This budget will support the continued extension and upgrade of CCTV on housing estates, a programme started in 2009. Priorities for 2013/14 will be finalised by the Safer Neighbourhoods team in consultation with housing management and the local police.
- 5.3.21 Minor Estate Improvement Programme (£270k) and Groundwork Environmental Programme (£220k): The Minor Estate Improvement Programme is an annual budget historically controlled by registered Tenant and Resident Associations and earmarked for small-scale improvements to the estate environment or tenant facilities. Schemes are considered and funding allocated by each Local Area Housing Forum. The Groundwork Environmental Programme is an annual budget allocation administered by a tenant representative panel in partnership with Groundwork West London. The panel considers and approves environmental improvement schemes submitted by TRAs which can include, for example, soft and hard landscaping of open spaces or provision of new play areas.

5.3.22 Other environmental projects (£735k): Bids have been received for various other environmental schemes that would fall outside the scope of the above budgets. These include a pilot project providing green roofs to sheds on the Flora Gardens Estate; major improvements to estate roads and paths at Fulham Court; improvements to the towpath and provision of sustainable drainage at Rainville Road; a new ball court at Rainville Road; and the refurbishment of the play area at Cox House.

5.3.23 Brought forward and unforeseen works (£500k): This budget is proposed for unforeseen or emergency works that may arise during the year and where project substitution is not practicable. It will be allocated to specific projects in consultation with the Cabinet Member for Housing.

5.4 2014/15 and 2015/16 Budget Envelope

5.4.1 The HRA Asset Management Plan assumes that catch-up repairs will be completed within five years. After feeding this into the HRA Business Plan the total capital investment required will be £44.691m for 2014/15 and £46.194m for 2015/16.

5.4.2. Approval of a budget envelope for the years 2014/15 and 2015/16 will provide greater certainty for forward programming. Appendix 2b provides further details of the proposed spending plans in these years, derived from the HRA Asset Management Plan and recently validated stock condition data. Further detailed site surveys and continued analysis of repairs data will be used to prioritise specific schemes within the headings identified

5.4.2. Various lift and planned maintenance schemes identified and expected to be approved in 2013/14 will carry a significant commitment into 2014/15. This has been allowed for within the proposed budget envelope. Commitments will be closely monitored to ensure that expenditure does not exceed resources.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. The HRA Asset Management Plan is the first since the housing stock returned to direct Council management in April 2011. It seeks to build on the achievements of the decent homes initiative whilst acknowledging that programmes' limitations. The plan uses HRA reform as an opportunity for the Council to adopt a pro-active asset management approach to its stock, creating a 30-year investment plan that allows for realistic future investment needs, remodelling, rationalising and reinvestment of assets. It is intended that this information will be refreshed every 3 to 4 years to maintain the resilience of the Asset Management Plan.

6.2. The plan includes assumptions about life cycles and costs of various building components. It has drawn from the work undertaken by the Building Research

Establishment for Communities and Local Government as part of the wider review of finance for council housing. This looked at differentials between archetypes, reviewed detailed specifications of work, examined prices, reviewed current costs and lifetime scenarios, and ultimately produced new models for estimating spend profiles over thirty years. The stock validation exercise undertaken by Lambert Smith Hampton and Pennington Choices has further examined rates and life cycles, drawing on previous benchmarking exercises, recent tenders, and comparing with standard unit costs and lives used by Savills. These assumptions will be continually reviewed in light of actual costs and the longevity, or otherwise, of building components.

- 6.3. In developing the annual capital programme these life cycles will only be a starting point. Further site surveys and analysis of actual repair data will determine whether replacement is appropriate for individual elements in specific properties at any given time.
- 6.4. The proposed 2013/14 programme seeks to meet the ongoing investment needs of the borough's social housing stock which comprises nearly 12,700 rented homes and nearly 4,500 leasehold homes. The investment needs of the stock have been prioritised and a balance sought between maintaining homes at a decent standard and addressing the residual backlog of works to elements not specifically covered by the standard, particularly: specific Health and Safety risks; lift modernisation; controlled entry upgrades; landlord's electrical services; cyclical external and communal repairs; and improvements to curtilage areas and the public realm.

7. CONSULTATION

- 7.1. The HRA Asset Management Plan has been drafted with input from service providers in housing management, finance, repairs, planned maintenance, and regeneration. It has been discussed at Departmental Management Team and with the Cabinet Member for Housing. There will be ongoing consultation with residents and other stakeholders to refine the content of the HRA Asset Management Plan and shape its aims and ensure it continues to meet the aims of the council.
- 7.2. For schemes included in the 2013/14 capital programme, residents will be consulted on proposed works, including specific consultation with leaseholders as required. Following approval of the programme it is proposed to submit to individual members, details of proposed schemes in their wards.

8. EQUALITY IMPLICATIONS

- 8.1. An Equality Impact Assessment has been completed for the 2013/14 Housing Capital Programme and some key issues are discussed below.
- 8.2. The programme includes various projects specific to sheltered housing, that is accommodation specifically designed or adapted for people aged 60 years or over. Schemes include upgrades to communal heating, renewal of warden call systems, and replacement windows. Other than the potential short-term inconvenience of having works on site, these schemes will have a positive impact.
- 8.3. The programme includes projects to modernise passenger lifts serving blocks on various housing estates. These works will mean that lifts are temporarily out of service and this may be of particular inconvenience to elderly residents, people with impaired mobility, pregnant women, or residents with young children. Prior to works, consultation with residents will be undertaken and alternative arrangements for vulnerable residents will be considered. In exceptional circumstances this may entail a temporary decant while service is interrupted. However, in the longer term, the works will improve the reliability of the affected lifts. This project is therefore analysed as having both positive and negative impacts, with the positive outweighing the short-term negative impacts.
- 8.4. The programme includes a budget of £800k for disabled adaptations. These are works that can help give tenants more freedom into and around their home and to access essential facilities within it. Adaptations can range from minor works such as the provision of grab rails or stair rails to major improvements such as the installation of stairlifts, ramps or walk-in showers. Eligibility for equipment or adaptations is assessed under the Fair Access to Care Services (FACs) criteria. Major adaptations are subsequently assessed by the Council's Occupational Therapist and will be appropriate to meet the needs of tenants with a permanent or substantial disability.

9. LEGAL IMPLICATIONS

- 9.1. The Council should ensure that individual projects are procured in accordance with the EU Procurement Rules and the Council's contract standing orders.
- 9.2. The Council has a statutory obligation to consult with tenants and leaseholders before carrying out works of improvement.
- 9.3. Implications verified/completed by: (Catherine Irvine, Principal Contracts Lawyer, telephone 020 8753 2774)

10. **FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. Budget Council on 27 February 2013 approved a funding envelope of £37.0m for the 2013/14 housing capital programme. The various funding streams are shown in Table 1 below:

Table 1: Anticipated Resources 2013/14

Funding Source	Value (£m)
Revenue Contributions from HRA (formerly Major Repairs Allowance)	15.7
Capital Receipts carried forward	1.1
Capital Receipts, proposed	14.1
Leasehold Contributions	5.8
Insurance Contributions	0.3
Total	37.0

- 10.2. The HRA Financial Strategy Report presented to Cabinet on 11 February 2013 set out the overall strategic financial objectives for the HRA and the measures to be adopted to meet these objectives.
- 10.3. For the capital programme it is recognised that, in the medium term, there will be a continued need to use receipts generated from the sale of void properties to supplement the major repairs allowance (funded by revenue via depreciation), leaseholder contributions, and contributions from revenue. The various funding streams for 2014/15 and 2015/16 are shown in Table 2 below:

Table 2: Anticipated Resources 2014-2016

Funding Source	2014/15 Value (£m)	2015/16 Value (£m)
Revenue Contributions from HRA (formerly Major Repairs Allowance)	16.2	16.8
Capital Receipts, proposed	22.5	22.2
Leasehold Contributions	5.8	3.4
Contributions from revenue	0.2	3.8
Total	44.7	46.2

- 10.4. It is proposed that in thirteen years' time the maintenance programme will be fully funded from rental income. Full details of the impact of the updated stock condition survey on the HRA 30 year business plan and financial risks are

included in section 5.2 of this report, together with sensitivities showing the impact of completing the catch up repairs.

- 10.5. Affordability is a key priority for the HRA Asset Management Plan. The stock condition survey validation work completed thus far indicates that reliance on receipts will diminish over time. This position will be monitored as the validation work is completed. If there are any significant variances then a further full report will be produced in conjunction with finance.
- 10.6. With regards to the capitalisation of salaries and IT charges (cited in paragraph 5.3.10) it will need to be ensured that statutory capitalisation guidance is adhered to.
- 10.7. As shown in table 2, the 2014/15 and 2015/16 proposed figures represent growth to the indicative figures presented in the 4 year capital programme approved in February 2013 of £13.7m and £15.5m respectively (£29.2m in total). It is proposed that the bulk of this expenditure (£25.3m) is funded through the generation of additional Limited Asset Based Void Disposals – as indicated in the updated 30 year HRA business plan. There is a risk of a funding shortfall if the anticipated receipts are not realised. However, this risk is likely to be partially offset by an anticipated Government ruling which will require housing (non-right to buy) receipts to remain fully within the housing account from April 2013 which will benefit the Decent Neighbourhoods Fund. Currently the Council direct 25% of the receipts generated for the Decent Neighbourhoods programme to support general capital investment and debt reduction. While such top-slices are not being restricted, any housing receipts removed from the housing account are likely in future to need to be 'reimbursed', effectively through a transfer of debt, effectively removing the benefit of doing this. Based on current estimates it is likely that this ruling will make an additional £23.4m available within the Decent Neighbourhoods Fund in the period 2013-16.
- 10.8. The remaining funding for growth (£3.9m) will come from leaseholder contributions and revenue contributions within the HRA.
- 10.9. Implications verified/completed by: Kathleen Corbett, Director Finance & Resources, HRD, 020-8753-3031

11. RISK MANAGEMENT

- 11.1. Various risks associated with the delivery of the housing capital programme are included on the corporate risk register. Appropriate risk strategies will be developed for the programme overall and for individual projects.

- 11.2. Individual projects will be subject to separate, appropriate tender approval reports by Members or delegated officers. Recommendations for contract awards will include an assessment of the financial standing of successful contractors.
- 11.3. The HRA Asset Management Plan outlines the processes in place for risk management within the Housing and Regeneration Department.
- 11.4. The revised stock condition survey increases the reliance of the business plan on void sales and therefore increases the vulnerability of the business plan to any property market risk which might crystallise.
- 11.5. Implications verified/completed by: Stephen Kirrage, Director Asset Management & Property Services, HRD, 020-8753-3064

12. **PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 12.1. It is noted that delegation is sought to award contracts and, if appropriate, exercise built-in options to extend such contracts in respect of any individual projects and schemes under the Housing Capital Programme and in accordance with Contract Standing Order 9.4 and 9.4.1
- 12.2. Implications verified/completed by: (Robert Hillman, Procurement Consultant x1538)

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Housing Capital Programme documents	Vince Conway x1915	HRD, Property Services, 3 rd Floor HTH Extension