

	London Borough of Hammersmith & Fulham CABINET 30 MARCH 2015
HRA HOUSING CAPITAL PROGRAMME 2015/16 TO 2017/18	
Report of the Cabinet Member for Housing – Councillor Lisa Homan	
Open Report	
Classification - For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Melbourne Barrett, Executive Director, Housing and Regeneration Department	
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1. EXECUTIVE SUMMARY

- 1.1. This report provides specific details of the proposed 2015/16 housing capital programme, proposes budget envelopes for the following two years to allow for certainty when planning the forward programme, especially where projects are not completed within any one financial year, and seeks authority to proceed with the various projects identified in Appendix 1.

2. RECOMMENDATIONS

- 2.1. To approve the projects and schemes identified in this report (see Appendix 1) which form the 2015/16 Housing Capital Programme to the value of £57.548 million (this envelope of £57.548 million approved at Budget Council on 25th February 2015).
- 2.2. To approve the budget envelope of £44.502 million for 2016/17 and £44.170 million for 2017/18 and note the funding streams identified as part of the Financial Plan for Council Homes. This recommendation is subject to future quarterly / annual changes to the overall Council capital programme.
- 2.3. To delegate authority to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to issue orders for work and projects to be carried out using the council's ten year Term Partnering Contract with Mitie Property Services, approved by Cabinet 8th April 2013.
- 2.4. 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 1, in accordance with Contract Standing Order 9.4 and 9.4.1.
- 2.5. 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 2015/16 programme for operational reasons where such amendments can be contained within the overall approved 2015/16 – 2017/18 budget envelope and available resources.

3. REASONS FOR DECISION

- 3.1 On 5th January 2015 Cabinet approved the Financial Plan for Council Homes. The plan maintains the same level of proposed investment for planned maintenance and improvement to Council homes as the previous Housing Revenue Account Business plan approved by Cabinet in February 2014, and Asset Management Plan approved in April 2013. Together, these plans set out the Council's strategic approach and priorities relating to managing the housing related assets held in the Housing Revenue Account (HRA) to ensure stock is safe, sustainable and well managed;
- 3.2 Approval of the 2015/16 capital programme and the budget envelopes for the two subsequent years provides the delivery mechanism for this 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. On 25th February 2015 Budget Council considered as part of the Council's capital programme a funding envelope of £57.548 million for the housing capital programme for 2015/16. This report provides further details of the proposed projects to be undertaken in 2015/16 and of the proposed budget envelopes for 2016/17 and 2017/18. A list of schemes, including budget estimates, is provided in Appendix 1.

5. PROPOSAL AND ISSUES

5.1. Detailed 2015/16 Capital Programme

- 5.3.1 The 2015/16 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, Refs 1-19 (£30.337m): This category includes approved contracts on site where expenditure will continue to be incurred during 2015/16; completed projects pending settlement of final accounts; and projects originally approved as part of the 2014/15 programme which are still being developed and are due to start imminently.

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

- 5.3.4 Fire Safety Improvements, Ref 20 (£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. Where feasible, fire safety works will be integrated within wider refurbishment projects.

- 5.3.6 Water Tank Replacements, Ref 21 (£0.1m): A rolling programme replacing old steel communal water tanks is largely completed. The proposed budget provision for 2015/16 will allow for ad hoc replacements where the potential spread of legionella is identified as a risk during statutory biennial surveys or other site inspections. Works may also include the upgrade of loft spaces to ensure secure access and a safe working environment for operatives.
- 5.3.7 Disabled Adaptations, Ref 22 (£1.0m): 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 and is broadly in line with the annual sums for Disability Facilities Adaptations assumed in the 2012 self-financing settlement. As of December 2014 the adaptations team have completed 186 major adaptations (e.g. level access showers, ramps etc.) and 3,448 minor adaptations (e.g. grab rails, lever taps etc.). A further 30-40 major and 1,000 minor adaptations are anticipated by the end of March 2015. A review of the service is planned during 2015 to consider ways of increasing efficiency, particularly via greater integration with other major works programmes.
- 5.3.8 Landlord's Electrical Installations, Ref 23 (£0.6m): This programme seeks to ensure the safety and reliability of landlord's electrical installations and distribution systems. Blocks are being prioritised based on the recommendations of periodic inspections. Proposed works will include 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 Refs 24-25 (£3.0m): 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 might otherwise have a secondary effect to the detriment of the property and its occupants. The category includes the refurbishment of void properties to ensure they remain in a lettable condition.
- 5.3.10 Capitalisation Salaries/IT Refs 26-27 (£2.0m): The delivery of the programme requires building architects, mechanical and electrical engineers, Quantity Surveyors, CDM Co-ordinators, Clerk Of Works, 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 Boilers, heating distribution systems, Refs 28-29 (£1.8m): Over 1,700 homes are connected to district heating systems. Communal boilers supporting these systems have been gradually replaced as they approach the end of their economic lives to ensure residents continue to receive an efficient, effective supply of heating and hot water. The schemes to be progressed in 2015/16 will be subject to further site investigation but are expected to include Banim Street Sheltered Housing, Malabar Court, Wheatsheaf Lane, and Farm Lane. 2015 is also expected to see the start of a phased replacement of the distribution pipework at Seagrave Road Estate. The council's Partnering Contractor, Mitie Property Services, are commissioned to replace all individual gas central heating boilers during the initial ten year partnering term (see Appendix 1, ref 4). It is now proposed to include the renewal of radiators and pipework where specific criteria are met with regard to age and condition of these elements. The 2015/16 budget for this work is based on the replacement of boilers to circa 1,000 properties and assumes an estimated 40% of these will require the additional works.

5.3.13 Communal Extract Fans – Ref 30 (£0.4m): A pilot scheme to replace the communal extract system at Bush Court, Charecroft Estate has been successfully completed during 2014/15. It is now proposed to roll out these works to the remaining three blocks on the estate, Shepherds Court, Roseford Court, and Woodford Court.

5.3.14 Lift modernisation, Refs 32-39 (£0.3m): The council's housing assets include 217 passenger lifts, (and one goods lift), the majority of which serve blocks of six or more storeys. In 2012 a prioritised programme began to modernise lifts that had exceeded or were approaching the end of their design life and were thus becoming increasingly difficult to maintain due to obsolete parts. Sixty seven lifts will have been completed by end of March 2015; a further fifty one lifts are either on site or have been designed and tendered and are scheduled to start on site during 2015. The 2015/16 programme seeks to continue this accelerated catch-up programme and thirty three lifts have been identified for full modernisation. Due to the long lead-in time for the design and manufacture of lifts these schemes will be approved during 2015/16 but the majority of expenditure will fall in 2016/17. The individual scheme budgets will be re-profiled following tender approval.

5.3.15 Cyclical Planned Maintenance, Ref 40 (£6.832m): 2012 saw the start of a three-year contract with Mitie Property Services 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 the decent homes programme. The establishment of an effective preventative programme is essential to avoid much costly future failure of building components and ultimately 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. The programme is now substantially committed with surveys ongoing for the remaining properties. It should be noted that this contract pre-dates and is entirely separate from the ten-year Term Partnering Contract with Mitie.

5.3.16 Major external and communal refurbishment, Refs 41-48 (£7.60m): Various schemes are currently being developed under the separate Term Partnering Contract with Mitie Property Services. The scope of these schemes is varied but they will generally seek innovative and lasting solutions to historic and persistent problems of: poor energy performance such as that experienced in the system-built blocks Hartopp Point and Lannoy Point; high levels of uneconomic reactive repairs, such as Ashcroft Square; and defective construction, such as Millshott Close. Improvements are proposed to Charnock House on the White City Estate including the twenty commercial units at ground floor level fronting Bloemfontein Road. Various options are being considered ranging from a fairly basic refurbishment to a more radical transformation including possible recladding of the block and a restyling of the shopfronts. The potential scope will be fully evaluated but the current budget provision of £500k may need to be reviewed depending on the favoured option.

5.3.17 Controlled Access, Ref 49 (£0.6m): A rolling programme to replace ageing systems has been established and individual sites are presently being prioritised for 2015/16. In addition, 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.

5.3.18 Category 4: Internal amenity, estate works, miscellaneous

5.3.19 Internal Modernisation, Ref 50 (£3.5m): A programme of internal modernisation has been established to replace attributes such as kitchens, bathrooms, and wiring, as they reach the end of their standard lives. The programme planned for 2015/16 primarily targets the White City Estate but will also include medium-rise blocks on the Clem Attlee Estate and decent homes refusals as necessary.

5.3.20 Estates CCTV, Ref 51 (£0.25m): This budget will support the continued extension and upgrade of CCTV on housing estates, a programme started in 2009. Priorities for 2015/16 are being finalised by the Safer Neighbourhoods team in consultation with residents, housing management and the local police. Proposals for new CCTV include schemes at Sullivan Court, Barclay Close, White City Close, Flora Gardens, and Emlyn Gardens. In addition, improvements to existing infrastructure at Clem

Attlee, Charecroft, Edward Woods, and Walham Green Court will be phased over the next couple of years.

5.3.21 Minor Estate Improvement Programme, Ref 52 (£0.270m) and Groundwork Environmental Programme, Ref 53 (£0.220m): 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, Refs 54-56 (£1.0m): Bids will be considered for various other environmental schemes that fall outside the scope of the MEI and Groundwork budgets. These include improvements to estate lighting, roads, paths, soft and hard landscaping, renewal of street furniture and so on. For example, a potential scheme at Edward Woods Estate is in the early stages of development and will be progressed in consultation with residents and other stakeholders. In addition, Estate Services will be taking forward an initiative on refuse management, "Neighbourhood Award", in conjunction with relevant service providers and Keep Britain Tidy. This scheme may require some capital contributions where, for example, the construction of new refuse enclosures, or improved access to them, is required.

5.3.23 Tenant Halls, Ref 57 (£0.25m): A programme of stock condition surveys is being undertaken to all HRA tenant and community halls and this will inform a comprehensive investment plan for the next few years. Works will include necessary improvements for accessibility, essential repairs to building fabric, and modernisation of fixtures and fittings. The provision of adequate facilities is essential to encourage resident involvement and wider community participation in line with the council's priorities. A scheme to improve Lytton Estate resident hall has been completed during 2014/15 whilst another project to reinstate a disused community room at William Banfield House is on site.

5.3.24 Play Areas, Ref 58 (£0.3m): Various schemes for play innovation at Bayonne Road, Rainville Court, and Lancaster Court Estates are being considered in consultation with residents. Potential works include the provision of new equipment and facilities, refurbishment of surfaces, renewal of boundaries, and improvements to access. The schemes aim to provide innovative community facilities that will encourage regular use by all demographic groups.

5.3.25 Brought forward and unforeseen works, Ref 59 (£0.5m): 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.

5.3.26 Reprofiling/Reprogramming, Ref 60 (£4.811m): This figure equates to less than 10% of the overall programme and is considered a reasonable level of overprogramming at the start of the financial cycle. This will be reduced as the year progresses and expenditure will be managed down to resource level by year-end.

5.4 2016/17 and 2017/18 Budget Envelope

5.4.1 The proposed budget envelope for 2016/17 and 2017/18 is derived from the HRA Asset Management Plan and current stock condition data.

5.4.2. Approval of a budget envelope for the years 2016/17 and 2017/18 will provide greater certainty for forward programming. Appendix 1 includes some detail on the proposed spending plans in these years. However, 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 2015/16 will carry a significant commitment into 2016/17. 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 approved at Cabinet on 8th April 2013 was the first since the housing stock returned to direct council management in April 2011. It sought 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 multi-year investment plan that allows for realistic future investment needs, and feeds into the HRA business plan. This information will be refreshed during 2015 with updated stock condition information 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 years¹. The stock validation exercise undertaken in 2013 by Lambert

¹ Extended to 40 years for the Financial Plan for Council Homes

Smith Hampton and Pennington Choices 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, the analysis of building components in relation to life cycles will be a starting point only. 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 2015/16 programme seeks to meet the ongoing investment needs of the borough's social housing stock which comprises nearly 12,500 rented homes and over 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. There is a statutory obligation to consult with tenants and leaseholders before carrying out works and to have regard to any observations or representations made by the residents. For schemes included in the 2015/16 capital programme, residents will be consulted on the proposed works in line with the Department's updated communications strategy.
- 7.2. Following approval of the programme it is proposed to submit to individual members, details of proposed schemes in their wards. Ward members will also be invited to resident consultation meetings.

8. EQUALITY IMPLICATIONS

- 8.1. An Equality Impact Assessment has been completed for the 2015/16 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 £1m 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.
- 8.5. The Tri-Borough Head of Change Delivery has reviewed the EIA and commented that it has taken a detailed look at the potential impacts on the protected groups and that the conclusions drawn are reasonable. In his opinion, due regard has been given to the impacts on protected groups and the necessary thinking around mitigating actions on the temporary negative impacts of access to lifts is demonstrated by the EIA.

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 completed by: Babul Mukherjee, Solicitor, Bi-Borough Legal Services, telephone 020 7361 3410)

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Budget Council on 25th February 2015 approved a funding envelope of £57.548.m for the 2015/16 housing capital programme. The various funding streams are shown in Table 1 below:

Funding Stream	Value (£m)
Major Repairs Reserve	16.849
Capital receipts	34.245
Leasehold contributions	5.693
Revenue contributions	0.761
Total	57.548

- 10.2. Any significant variances will be reported via the Council's quarterly capital monitoring regime.
- 10.3. With regard to the capitalisation of salaries and IT charges (cited in paragraph 5.3.10), officers will ensure that statutory capitalisation guidance is adhered to with time sheets being completed as appropriate.
- 10.4. It should be noted that the budget envelope of £44.502 million for 2016/17 and £44.170 million for 2017/18 are subject to future quarterly / annual changes to the overall Council capital programme including any which may arise as a result of the current on-going reviews of Earls Court, the Stanhope Venture and the Housing Development Programme.
- 10.5 Implications 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. Implications verified/completed by: Stephen KIRRAGE, Director Asset Management & Property Services, HRD, 020-8753-3064

12. **PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 12.1 All procurements will need to comply with the council's Contract Standing Orders and the Public Contracts Regulations 2006 (as amended).
- 12.2 It is noted that recommendation 2.4 is "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 2014/15

programme for operational reasons where such amendments can be contained within the overall approved 2015/16 – 2017/18 budget envelope and available resources.

- 12.3 Implications verified/completed by: Robert Hillman, Procurement Consultant x 1538

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.	HRA Asset Management Plan 2013-16 (published)	Vince Conway x1915	HRD, Property Services, 3 rd Floor HTH Extension

LIST OF APPENDICES:

Appendix 1: 2015-18 Housing Capital Programme, details of proposed schemes