


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>7 MARCH 2016</p>	
<p>HRA HOUSING CAPITAL PROGRAMME 2016/17 TO 2018/19</p>	
<p>Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>	
<p>Open Report</p>	
<p>For Decision : Yes</p>	
<p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Lead Directors: Kath Corbett and Mike England, Joint Lead Directors for Housing</p>	
<p>Report Author: Vince Conway, Asset Manager, Housing Property Services</p>	<p>Contact Details: Vince.Conway@lbhf.gov.uk Tel: 020-8753-1915</p>

1. EXECUTIVE SUMMARY

- 1.1. This report provides specific details of the proposed 2016/17 housing capital programme, proposes budget envelopes for the following two years, 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 2016/17 Housing Capital Programme to the value of £50.964 million (this envelope being considered at Budget Council on 24th February 2016).
- 2.2. To approve the budget envelope of £27.106 million for 2017/18 and £26.527 million for 2018/19 and note the funding streams identified as part of the Financial Plan for Council Homes: Housing Revenue Account Financial Strategy 2016/17. This recommendation is subject to future quarterly / annual changes to the overall Council capital programme as set out in future reports to Cabinet.
- 2.3. To delegate authority to the Cabinet Member for Housing, in conjunction with the Lead Directors for Housing, to issue orders for work and projects

to be carried out using, where appropriate, the council's ten year Term Partnering Contract with Mitie Property Services, approved by Cabinet 8th April 2013 or any other suitable contracts which are put in place in the period in accordance with Contract Standing Orders and recommendation 2.4 below

- 2.4. To delegate authority to the Cabinet Member for Housing, in conjunction with the Lead Directors for Housing 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 Lead Directors for Housing, to approve future amendments to the 2016/17 programme for operational reasons where such amendments can be contained within the overall approved 2016/17 – 2018/19 budget envelope and available resources.

3. REASONS FOR DECISION

- 3.1 The long term options for future management and ownership of the council housing stock has been the subject of a Residents Commission during 2015. Cabinet on 7th December 2015 approved the Commission's recommendation to formally pursue transfer to a new Registered Provider.
- 3.2 However, as the transfer process is on-going and as its potential outcome is uncertain, this report is written on the basis of business-as-usual. Approval of the 2016/17 budget is sought to ensure existing commitments can be met and to enable the council to continue to fulfil its statutory obligations and protect the health, safety and wellbeing of residents and stakeholders.
- 3.3 The proposed budget envelopes for 2017/18 and 2018/19 have been formed with due regard to the implications of the 1% reduction in rents for council homes for each of the next four years announced by the Chancellor of the Exchequer in his summer budget statement. This announcement means there is a lot less money to pay for maintenance even though further savings and additional commercial income are planned, because government has not provided any additional funding to compensate the Housing Revenue Account for the loss of rent.
- 3.4 The revised business plan maintains a level of investment for 2016/17 in line with that approved by Cabinet in January 2015, this allows the condition of the homes to be maintained while the Council seeks other solutions. In future years, however, if there is not a stock transfer the revised financial plan requires a postponement of planned work originally scheduled within the first ten years (2015/16-2024/25) equivalent to postponing window and door replacements for 4,440 homes, roof renewals for 2,650 homes, 4,400 new heating systems, 1,750 electrical rewires, 1,750 new kitchens and 1,100 new bathrooms.

3.5 Whilst there are choices about where limited resources will be targeted specific areas that will be affected include:

- Improvements to energy efficiency and the provision of affordable warmth. Whilst this will remain a priority, reduced financial resources will restrict the measures that can be implemented.
- Improvements to the estate environment and public realm.
- In the longer term delays in replacing kitchens, bathrooms, non-critical window replacement, and other elements of the properties.

3.6 Nonetheless, approval of the proposed budget envelopes will define parameters for prioritisation and provide some degree of certainty for programming.

4. INTRODUCTION AND BACKGROUND

4.1. On 24th February 2016 Budget Council will consider as part of the Council's four-year capital programme a funding envelope of £50.964 million for the housing capital programme for 2016/17. This report provides further details of the proposed projects to be undertaken in 2016/17 and of the proposed budget envelopes for 2017/18 and 2018/19. A list of schemes, including budget estimates, is provided in Appendix 1.

5. PROPOSAL AND ISSUES

5.1 The details of proposals for the 2016/17 programme and are provided in Appendix 1.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. The proposed 2016/17 programme seeks to meet the ongoing investment needs of the borough's social housing stock. 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.

6.2. A stock condition survey was undertaken by Savills during 2015 to inform the work of the Residents Commission. The survey has not been used to determine the 2016/17 programme as priorities had already been established and commitments made. However, the major element renewals identified for 2016/17 are encompassed by the survey findings.

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 2016/17 capital programme, residents will be consulted on the proposed works in line with the Department's updated communications strategy.
- 7.2. Residents are being consulted on the detailed options for the 10 year HRA Housing Capital Programme at the Housing Representatives Forum on 16th February 2016, where the implications and choices needed as a result of the 1% rent reduction imposed by Government for each of the next four years will be discussed.
- 7.3. 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. The detailed ten year programme, together with the implications of the rent cut for each large estate will also be discussed with the individual Tenant Representative Associations.

8. EQUALITY IMPLICATIONS

- 8.1. An Equality Impact Assessment (EIA) has been completed for the 2016/17 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 £0.8m for disabled adaptations. These are works that can help give tenants more freedom to move in 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 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.
- 8.6. Equality implications verified by David Bennett – Head of Change Delivery – 0208 753 1628.

9. LEGAL IMPLICATIONS

- 9.1. The Council should ensure that individual projects are procured in accordance with the Public Contracts Regulations 2015 and the Council's Contract Standing Orders. In addition, any work issued under the Council's Term Partnering Contract with Mitie Property Service should be deemed in-scope and carried out in accordance with the terms of the Contract.
- 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: Kar-Yee Chan, Solicitor (Contracts), Shared Legal Services, 020 8753 2772.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Budget Council on 24th February 2016 will consider a funding envelope of £50.964m for the 2016/17 housing capital programme. The various funding streams are shown in Table 1 below:

Funding Stream	Value (£m)
Major Repairs Reserve	18.503
Capital receipts	21.069
Leasehold contributions	5.525
Revenue contributions	5.867
Total	50.964

- 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 (paragraph 5.1.9), 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 envelopes of £27.106 million for 2017/18 and £26.527 million for 2018/19 are subject to amendments (as required to reflect significant changes in housing resources) to the HRA Business Plan Financial Model. It is currently planned that this model will be formally updated every 6 months as a minimum.
- 10.5 Implications completed by: Paul Gulley, Head of Housing Financial Investment & Strategy: 020 8753 4729

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, Housing Department, 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 2015.
- 12.2 It is noted that recommendation 2.4 is to delegate authority to the Cabinet Member for Housing, in conjunction with the Lead Directors for Housing to award contracts between £100,000 and £1 million, 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.
- 12.3 It is noted that recommendation 2.5 is "To delegate authority to the Cabinet Member for Housing, in conjunction with the Lead Directors for Housing, to approve future amendments to the 2016/17 programme for operational reasons where such amendments can be contained within the overall approved 2016/17 – 2018/19 budget envelope and available resources.
- 12.4 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	Housing Property Services, 3 rd Floor HTH Extension

LIST OF APPENDICES:

Appendix 1: 2016-19 Housing Capital Programme, details of proposed schemes