

<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>27 MARCH 2017</p>	
<p>HRA HOUSING CAPITAL PROGRAMME 2017/18 TO 2020/21</p>	
<p>Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>	
<p>Open Report</p>	
<p>Classification: For Decision</p> <p>Key Decision: Yes</p>	
<p>Consultation: Finance & Corporate Services, Legal, Procurement</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Nilavra Mukerji, Director of Housing Services</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 details of the 2017/18 and 2018/19 HRA housing capital programme, proposes budget envelopes for the following two financial 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 will form the 2017/18 and 2018/19 HRA Housing Capital Programme to the value of £33.523m for 2017/18 and £29.634m for 2018/19 (budget envelopes approved at Full Council on 22nd February 2017 as part of the Council's four-year capital programme). To note the risks attached to the 2018/19 budget envelope.
- 2.2. To approve the budget envelope of £28.826 million for 2019/20 and £32.475 million for 2020/21 and note the funding streams identified as part of the HRA Housing Capital Programme. 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 Director of Housing Services, in consultation with the Cabinet Member 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 para 17.
- 2.4. To delegate authority to the Director of Housing Services, in consultation with the Cabinet Member for Housing, to approve future amendments to the programme for operational reasons where such amendments can be contained within the overall approved budget envelope and available resources.

3. REASONS FOR DECISION

- 3.1 On 22nd February 2017 Full Council approved as part of the Council's four-year capital programme a funding envelope of £124.458 million for the HRA housing capital programme. This report provides further details of the proposed projects to be undertaken during the first two years of this period. A list of schemes, including budget estimates, is provided in Appendix 1.
- 3.2 Approval of the 2017/18-2020/21 housing capital programme is sought to meet existing commitments 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 budgets have been formed in light of the Government's policy of annual 1% rent reductions in social housing which has an adverse impact on the ability of the council to maintain and improve its homes and estates, particularly:
 - Carrying out effective, lasting measures to improve energy efficiency, provide affordable warmth, and tackle incidences of damp, condensation, and mould growth within our housing stock.
 - Improving the estate environment and public realm.
- 3.4 The two-year approval period will allow more time for improved planning of programme delivery, detailed surveys, prioritisation, impact assessments, and consultation and ensure limited resources are targeted effectively.

4. PROPOSAL AND ISSUES

- 4.1 In previous years the capital programme approval has been confined to a single year with in-principle approval also given to a budget envelope for the following two years. Whilst this arrangement was welcome, it still provided only limited assurance to officers when trying to plan and organise the future programme. A firm two-year budget approval will enable better forward planning and allow more timely and meaningful consultation with residents and other stakeholders.

4.2. The details of proposals for the programme are provided in Appendix 1.

5. OPTIONS AND ANALYSIS OF OPTIONS

5.1. The proposed 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: Health and Safety risks; lift modernisation; controlled entry upgrades; landlord's electrical services; cyclical external and communal repairs.

5.2. The prioritisation process has drawn on various sources including the recommendations of the general stock condition survey undertaken by Savills during 2015 to inform the work of the Residents Commission. Further detailed site surveys and ongoing analysis of repair demands have also been used to firm up the programme.

6. CONSULTATION

6.1. 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 2017/18 and 2018/19 capital programme, residents will be consulted on the proposed works in line with the Department's updated communications strategy.

6.2. Following approval of the programme details of proposed schemes will be circulated to ward members. Ward members will also be invited to resident consultation meetings for specific projects.

7. EQUALITY IMPLICATIONS

7.1. An Equality Impact Assessment (EIA) has been completed for the 2017/18 Housing Capital Programme and some key issues are discussed below.

7.2. 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, the renewal of warden call systems, and the provision of mobility scooter charging points. Other than the potential short-term inconvenience of having works on site, these schemes will have a positive impact.

7.3. 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 whilst the works are undertaken. Prior to works, consultation with residents will be undertaken and alternative arrangements for more vulnerable residents such as elderly residents,

people with impaired mobility, pregnant women, or residents with young children will be considered. In exceptional circumstances this may entail a temporary decant while the service is interrupted. However, in the longer term, the works will improve the reliability of the affected lifts and ensure a better service to our residents. This project is therefore analysed as having both positive and negative impacts, with the positive outweighing the short-term negative impacts.

- 7.4. 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.
- 7.5. 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.
- 7.6. Equality implications verified by Martin Nottage – Director of Innovation and Change Management – 0208 753 3542

8. LEGAL IMPLICATIONS

- 8.1. 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.
- 8.2. The Council has a statutory obligation to consult with tenants and leaseholders before carrying out works of improvement.
- 8.3. Implications completed by: Janette Mullins, Senior Solicitor (Housing Litigation), Shared Legal Services, 020 8753 2744

9. FINANCIAL IMPLICATIONS

- 9.1. Full Council on 22nd February 2017 approved a funding envelope of £124.458m for the four year HRA housing capital programme. The various funding streams for the first two years are shown in Table 1 below:

Funding Stream	2017/18 (£m)	2018/19 (£m)
Major Repairs Reserve	£18.174	£17.404
Capital receipts	£10.036	£3.353
Leasehold contributions	£2.849	£2.849
Revenue contributions	£2.464	£6.028
Total	£33.523	£29.634

- 9.2. Any significant variances will be reported via the Council's quarterly capital monitoring regime.
- 9.3. For the capitalisation of salaries (Appendix 1 para 1.9), officers will ensure that statutory capitalisation guidance is adhered to with time sheets being completed as appropriate.
- 9.4. It should be noted that the budget envelopes of £28.826 million for 2019/20 and £32.475 million for 2020/21 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 at least every 6 months.
- 9.5. There are several key risks to the Housing Revenue Account business plan which may impact on the availability of future funds for 18/19 onwards, especially the £6m revenue contribution.
- 9.6. These are set out in detail in the Financial Plan for Council Homes: The Housing Revenue Account Financial Strategy, 2017/18 Housing Revenue Account Budget and 2017/18 rent reduction which went to Cabinet on 6th February 2017. The most significant of these are:
- The Housing and Planning Act 2016 provided for the enforced sale of high value voids with the sale proceeds being paid over to central Government.
Government have confirmed the Council will not have to make any payment for high value void sales in 2017/18 as the full roll out of Right to Buy to Housing Associations will not happen until after April 2018. But as Government have not yet published the detailed regulations we do not know the size of the payments we may have to make in future years. Therefore, the long term HRA financial plan still excludes the impact of the high value voids policy; this Government policy represents a significant risk to the HRA financial plan, especially to the future housing capital programme.
 - The Government's programme of Welfare Reform is expected to have a significant impact on the Council's ability to collect rental income and will result in increased bad debt charges to the HRA. This may result in lower revenue surpluses being available to fund the Housing Capital Programme.

9.7 The impact of these risks on the budget envelope will need to be specifically considered as part of the quarterly capital monitoring reports. Property Services Officers should ensure that the plans for 2018/19 are sufficiently flexible to allow changes to be made as and when these risks become clearer over the course of the coming year.

9.8 Implications completed by: Kath Corbett, Director of Finance and Resources, Housing and Regeneration: 020 8753 3031; Sudhir Kafle, Housing Investment Accountant: 020 8753 4391

10. IMPLICATIONS FOR BUSINESS

10.1. The housing capital programme will create opportunities for local businesses where contracts or sub-contracts are tendered.

10.2. Major schemes will create employment opportunities for trainees and apprenticeships.

11. COMMERCIAL AND PROCUREMENT IMPLICATIONS

11.1 All procurements contained within this capital programme will need to comply with the council's Contract Standing Orders and, where applicable, the Public Contracts Regulations 2015.

11.2 It is noted that recommendation 2.3 is to delegate authority to the Director of Housing Services, in consultation with the Cabinet Member 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 para 17.

11.3 Where the council is choosing to use the MITIE or other existing term contracts to undertake the works, the test and duty of obtaining Best Value will still apply, and these will be subject to on-going performance review. Works above £100,000 being procured outside of existing contractual arrangements will seek Cabinet approval of their procurement strategy before proceeding to market.

11.4 Implications completed by Vince Conway, Asset Manager, HRD x1915, and verified by John Francis, Interim Head of Procurement (job-share) 020-8753-2572.

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: 2017/18-2020/21 Housing Capital Programme, details of proposed schemes