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| DECISION-MAKER: | CABINET COUNCIL | | |
| SUBJECT: | HOUSING REVENUE ACCOUNT (HRA) PROGRAMME PROJECT APPROVAL FOR ECO CONTRACTS AND LIFT PROJECTS 2013/14, 2014/15 AND 2015/16 | | |
| DATE OF DECISION: | 21 JANUARY 2014 12 FEBRUARY 2014 | | |
| REPORT OF: | CABINET MEMBER FOR HOUSING AND SUSTAINABILITY | | |
| <u>CONTACT DETAILS</u> | | | |
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| STATEMENT OF CONFIDENTIALITY |
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| Not applicable |
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BRIEF SUMMARY

This report seeks formal approval, in accordance with Financial Procedure Rules, for expenditure on various housing projects. These projects will contribute to the Council's strategic housing objectives through improving facilities of our estates, the wellbeing and the satisfaction of our residents in the areas where they live.

The proposals are consistent with the HRA Business Plan and Capital programme approved by Council in February 2013. As part of our approach to self-financing the Council is required to plan for longer term investment in our housing stock and as such Council agreed to a detailed five year Capital Programme. In order to deliver this programme and secure suitable procurement efficiencies, we now need to seek Scheme Approval to progress with planning, procurement and delivery of the associated projects, many of which are significant in nature and therefore require suitable lead-in time.

The proposed works cover elements under the headings of:-

- Warm and Energy Efficient
- Well Maintained Communal Facilities.

RECOMMENDATIONS:

CABINET

- (i) To approve, in accordance with Financial Procedure Rules, capital expenditure of £1,027,000, phased £329,000 in 2014/15 and, £698,000 in £2015/16, on the Lift Refurbishment scheme provision for which exists within the Well Maintained Communal Facilities section of the HRA Capital Programme.

- (ii) To recommend that Council approve, in accordance with Financial Procedure Rules, capital expenditure of £9,376,000, phased £528,000 in 2013/14, £4,209,000 in 2014/15 and £4,639,000 in £2015/16, provision for which exists within the Warm and Energy Efficient section of the HRA Capital Programme, as detailed in the table below.

| | 2013/14 | 2014/15 | 2015/16 | Total |
|----------------------------------|------------|--------------|--------------|--------------|
| | 000s | 000s | 000s | 000s |
| Warm and Energy Efficient | | | | |
| External Cladding (Tower Blocks) | 528 | 1,228 | 1,458 | 3,214 |
| External Cladding (PRC Houses) | - | 1,975 | 1,975 | 3,950 |
| External Cladding (Flats) | - | 1,006 | 1,206 | 2,212 |
| Total | 528 | 4,209 | 4,639 | 9,376 |

COUNCIL

- (i) To approve, in accordance with Financial Procedure Rules, capital expenditure of £9,376,000, phased £528,000 in 2013/14, £4,209,000 in 2014/15 and £4,639,000 in £2015/16, provision for which exists within the Warm and Energy Efficient section of the HRA Capital Programme, as detailed in the table below.

| | 2013/14 | 2014/15 | 2015/16 | Total |
|----------------------------------|------------|--------------|--------------|--------------|
| | 000s | 000s | 000s | 000s |
| Warm and Energy Efficient | | | | |
| External Cladding (Tower Blocks) | 528 | 1,228 | 1,458 | 3,214 |
| External Cladding (PRC Houses) | - | 1,975 | 1,975 | 3,950 |
| External Cladding (Flats) | - | 1,006 | 1,206 | 2,212 |
| Total | 528 | 4,209 | 4,639 | 9,376 |

REASONS FOR REPORT RECOMMENDATIONS

1. Financial Procedure Rules state that all schemes already in the capital programme between £500,000 and £2million will require Cabinet approval. Schemes with a total values above £2million will require the approval of full Council. The schemes in this report fall into both of these categories but are presented in one report for completeness.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. There have been various consultation meetings with tenant groups and leaseholders during the last eight months with regard to the proposed programme of capital expenditure associated with the Housing Revenue Account (HRA) and the Self-Financing regime.
3. These works form part of the approved five-year Capital Programme (formally approved in February 2013).
4. The alternative option of not undertaking the works identified would leave the Council's homes and surrounding areas in their present condition and would not accord with the view expressed during the consultation process or with the Council's policies of providing homes that comply with the four agreed headings of:
 - Safe Wind and Weather tight
 - Warm and Energy Efficient
 - Modern Facilities
 - Well Maintained Communal Facilities

DETAIL (Including consultation carried out)

5. This report seeks permission to proceed with the development, procurement and implementation of capital projects which form part of the HRA Capital Programme for 2013/14, 2014/15 and 2015/16. This report deals with those schemes that are currently ready for approval.
6. The programme outlined in this report is consistent with the HRA Business Plan approved by Cabinet and Council in February 2013.
7. A key role in the development of the Capital Programme has been the involvement of the Tenant Focus Groups, Block Wardens, Tenant Representatives, Leaseholders and staff. Tenants and Leaseholders have also been closely involved in the production of our long term business plan for future investment.
8. Under Self-Financing our Stock Condition Database is crucial to planning the works needed to our stock. As part of our approach to developing a business plan we have identified through the Stock Database the properties where work is required over the next five years and we are now in a position to strategically plan the investment needed to complete the work identified.
9. Therefore the budgets identified and seeking approval are determined by the detail from our Stock Database to which we have then applied an accepted industry calculation for estimated value which is based on known costs and Building Research Establishment (BRE) national average at this time.
10. The detail in the tables above is therefore provided based on the detailed property assessments undertaken and is presented in unit quantities with a more detailed description of the work to be undertaken in the paragraphs below.

Warm and Energy Efficient

11. As a result of entering into a partnership agreement with Mitie to maximise the potential investment under the Energy Company Obligation (ECO) in Southampton we are now planning significant investment in some of our most thermally inefficient buildings. Alongside the ECO grant there will be costs needed to be met by the Council in delivering comprehensive improvements to our buildings. We are aiming to maximise the amount of ECO funding that the city can attract but some works may not receive full grant funding and will require a contribution from the Council. Additionally, there are a number of other works that need to be completed at the same time. By carrying out these additional works there will be a saving to both the HRA in monetary value i.e. sharing of scaffold and welfare facilities and to the Council's residents in terms of disruption and savings to their energy costs.
12. **External Cladding (Tower Blocks)** – Additional works associated with these projects include; enclosing open balcony areas, encapsulation of old balcony areas/walls, additional windows to balcony areas, anti-bird roosting measures, new drainage systems, alterations to existing external lighting/CCTV systems and providing insulation to areas not covered by the grant funding such as unoccupied communal areas.
13. **External Cladding (PRC) Houses** – Additional works associated with these projects include; the replacement of fascias and soffits, window replacement where required, insulation to alleyways between houses which are not covered by grant contributions, alterations/replacement of rainwater facilities and the relocation of external meter boxes/supplies.
14. **External Cladding (Flats)** – Additional works associated with these projects include; insulation to areas not included in grant funding such as unoccupied communal areas, alterations to rain water services, relocation of lighting/CCTV, replacement fascias and soffits, windows where required, relocation of utility services and meters, as well as anti-bird roosting measures.

Well Maintained Communal Facilities

15. **Lifts** – In the March 2012 Scheme Approval submission approval was granted for £564,000 for works to the lift at Rozel Court in 2014/15. Following a recent comprehensive review of all Housing lift services across the City, a five year plan has been developed which has indicated a further investment need in 2014/15 and a new request for 2015/16. By carrying out works as per this plan the Council can ensure that properties continue to be served by modern, efficient and reliable lifts.
16. In 2014/15 the total increased level of investment will enable one lift at Canberra Towers and the lift at Sarnia Court to be completely refurbished. In addition to this, Manston Court will have a new external lift which will be in accordance with the Equalities Act.

17. In 2015/16 the requested level of investment will enable the second lift at Canberra Towers and the lift at South Front to be completely refurbished. In addition to this, Manston Court will have a second new external lift which will be in accordance with the Equalities Act. Under the five year plan, it is then envisaged that lift works will be carried out at Rozel Court in 2016/17 using funding already identified in the plan.

RESOURCE IMPLICATIONS

Capital/Revenue

18. There are sufficient funds available within the HRA Capital budget to meet the requirements of the proposed schemes. In addition a number of the items will represent an investment that will support an ongoing reduction in revenue expenditure within the HRA. Obtaining Scheme Approval in this way minimises administration plus officer and member time, plus maximises the potential for wider procurement efficiencies from longer term planning

Property/Other

19. The HRA Capital Programme is fully reflected in the Corporate Property Strategy.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

20. There are no specific legal implications in connection with this report. The power to carry out the proposals is contained within Part 2 of the Housing Act 1985.

Other Legal Implications:

21. None

POLICY FRAMEWORK IMPLICATIONS

22. The proposed schemes in this report contribute positively to the Council's objectives set out in the Housing Strategy and HRA Business Plan to maintain and improve the condition of the City's housing stock

KEY DECISION? Yes/No

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| WARDS/COMMUNITIES AFFECTED: | All |
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SUPPORTING DOCUMENTATION

Appendices

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| 1. | None |
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Documents In Members' Rooms

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| 1. | None |
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Equality Impact Assessment

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| Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. | Yes |
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

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| 1. | None | |
| 2. | | |