

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	HRA CAPITAL PROGRAMME PROJECT APPROVALS 2016/17 AND 2017/18		
DATE OF DECISION:	CABINET 19 JULY 2016 COUNCIL 20 JULY 2016		
REPORT OF:	CABINET MEMBER FOR HOUSING AND ADULT CARE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

N/A

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 on our estates, the wellbeing and the satisfaction of our residents in the areas where they live.

The proposals are consistent with the Housing Revenue Account (HRA) Business Plan and Capital Programme approved by the Council on 10 February 2016. 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 of 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:

- Safe, Wind and Weathertight
- Warm and Energy Efficient
- Modern Facilities
- Well Maintained Communal Facilities
- Estate Regeneration and New Build

In addition, the report recommends the addition of a new Existing Satisfactory Purchase Scheme to the HRA Capital Programme, which will aim to bring properties into Council stock by purchasing suitable properties from within the local market. The scheme will be part funded by useable 'right to buy' receipts avoiding the need to return these time-limited receipts to Central Government with interest.

RECOMMENDATIONS:

CABINET

- (i) To re-phase the capital budget for Renewing Communal Alarm Systems by bringing forward £1,071,000 in 2018/19 to 2016-17 (£250,000) and 2017-18 (£821,000)
- (ii) To note the reduction in required budget for the Copse Road Improvement work from £463,000 to £250,000 and the associated reduction of £213,000 in the level of Direct Revenue Financing required to fund the HRA Capital Programme
- (iii) To approve, in accordance with Financial Procedure Rules, capital expenditure of £12,471,000, phased as follows:
 £3,509,000 in 2016/17 and
 £8,962,000 in 2017/18, on schemes not exceeding £2,000,000.
 Provision for these schemes exists within the HRA Capital Programme as detailed in the table below.

Safe Wind and Weathertight	2016/17 000s	2017/18 000s	Total 000s
Chimneys	2	42	44
Refurbish Balconies	105	134	239
Renew Porch/Canopies	0	231	231
Copse Road Improvement (Block 17-47)	250	0	250
Shop Walkway Roofing	477	0	477
Roofline Items	280	161	441
Downpipes at Redbridge Towers	350	0	350
Golden Grove/Ridding Close Balconies	171	0	171
Window Replacement	0	980	980
External Doors – Houses and Flats	0	577	577
Structural Works	0	900	900
Total for Safe, Wind and Weathertight	1,635	3,025	4,660
Warm and Energy Efficient			
Communal Building Services	76	158	234
Communal Doors	229	0	229
Communal Heating Systems	35	35	70
Total for Warm and Energy Efficient	340	193	533
Modern Facilities			
Programme Fees	0	665	665

Tenant Alterations	0	100	100
Electrical Systems	0	2,000	2,000
Housing Refurbishment Programme	0	1,351	1,351
Total for Modern Facilities	0	4,116	4,116
Well Maintained Communal Facilities			
	2016/17	2017/18	Total
	000s	000s	000s
Windows – Communal	28	67	95
Communal Kitchens	56	20	76
Dry Riser Replacement Programme	54	54	108
Communal Central Fan Replacement Programme	33	33	66
Communal Central Water Pump Replacement Programme	40	40	80
Communal Area Works	266	130	396
SHAP (Supported Housing Asset Programme)	580	463	1,043
Replace Roller Shutter Doors	45	0	45
Renew Communal Systems (Alarms)	250	821	1,071
Communal Shed and Storage	182	0	182
Total for Well Maintained Communal Facilities	1,534	1,628	3,162
Total for all areas:	3,509	8,962	12,471

COUNCIL

- (i) To approve, in accordance with Finance Procedure Rules, the addition of £4,785,000 for an Existing Satisfactory Purchase Scheme within the Estate Regeneration and New Build section of the HRA Capital Programme funded by Direct Revenue Financing (70%) and retained 'right to buy' receipts (30%).
- (ii) To approve capital expenditure of £4,785,000, in 2016-17 on the Existing Satisfactory Purchase Scheme and to give delegated authority to the Head of Capital Assets to agree individual property acquisitions as set out in Section 44 of this report.
- (iii) To re-phase the capital budget for ECO - Thornhill/Shirley Towers/Sturminster House/Albion Towers and District Heating by realigning the unapproved budget (£6,100,000) to current timelines with £2,940,000 in 2016-17 and £3,160,000 in 2017-18.
- (iv) To approve, in accordance with Financial Procedure Rules, capital expenditure of £16,984,000 phased as follows:
 - £6,100,000 in 2016/17

- £10,884,000 in 2017/18, on schemes exceeding £2,000,000.

Provision for these schemes exists within the HRA Capital Programme as detailed in the table below.

Safe, Wind and Weathertight	2016/17 000s	2017/18 000s	Total 000s
Wall Structure and Finish	1,486	1,944	3,430
Total for Safe, Wind and Weathertight	1,486	1,944	3,430
Warm and Energy Efficient			
ECO - Thornhill/Shirley Towers/Sturminster House/Albion Towers and District Heating	2,940	3,160	6,100
Total for Warm and Energy Efficient	2,940	3,160	6,100
Modern Facilities	2016/17 000s	2017/18 000s	Total 000s
Disabled Adaptations	1,046	1,087	2,133
Heating Systems	628	4,693	5,321
Total for Modern Facilities	1,674	5,780	7,454
Total for all areas:	6,100	10,884	16,984

REASONS FOR REPORT RECOMMENDATIONS

1. Financial Procedure Rules state that all schemes already in the Capital Programme up to £500,000 will require Chief Officer approval, in consultation with the Cabinet Member, those between £500,000 and £2M will require Cabinet approval and those with a total value above £2M will require the approval of full Council. The schemes in this report fall into all 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 Leaseholder Groups during the last 12-18 months with regard to the proposed programme of Capital expenditure associated with the Housing Revenue Account (HRA) and the Council's Self-Financing regime. We are grateful to the groups for their input and would like to express our thanks for the feedback, which has been taken into account.
3. These works form part of the approved 5-Year Capital Programme (formally approved on 10 February 2016).

4. Parts of the works identified will contribute to the proposed ECO works and are critical in enabling the Council to obtain the maximum grant funded contribution for this project.
5. 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 policy of providing homes that comply with the four agreed headings of:
 - Safe, Wind and Weathertight
 - Warm and Energy Efficient
 - Modern Facilities
 - Well Maintained Communal Facilities.

DETAIL (Including consultation carried out)

6. This report seeks permission to proceed with the development, procurement and implementation of Capital projects which form part of the HRA Capital Programme for 2016/17 and 2017/18. This report deals with those schemes that are currently ready for approval.
7. The programme outlined in this report is consistent with the HRA Business Plan approved by Cabinet and Council in February 2016.
8. A key role in the development of the Capital programme has been the involvement of the Tenant Resource Group, Block Wardens, Housing Operations Repair Service, Tenant Representatives, Leaseholders and staff. Tenants and Leaseholder have also been closely involved in the production of the Council's long-term Business Plan for future investment.
9. Under Self-Financing, our Stock Condition Database (Keystone) is crucial to planning the works needed to our housing stock. As part of our approach to developing a Business Plan we have identified, through Keystone, 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.
10. Therefore, the budgets identified and for which approval is sought are determined by the detail from Keystone to which we have then applied an accepted industry calculation for estimated value based upon known cost and Building Research Establishment (BRE) National Average at this time.
11. The details in the table above are therefore provided based upon the specific property assessments undertaken and are presented in unit quantities with a more detailed description of the work to be undertaken in the paragraphs below.

SAFE, WIND AND WEATHERTIGHT

Cabinet

12. Chimneys:

The additional budget reflects a combination of inflationary cost increases and newly identified works from stock condition surveys. Works are subject to validation by appointed contractor prior to commencement. Investment is not limited to any specific area and is driven by priority of maintenance investment.
13. Balcony Refurbishment:

Private balcony refurbishment is emerging as a growing area for investment. Little investment has been undertaken to date on the private balcony areas resulting in deterioration to both the concrete slab and the screens and partitions. Further

validation will be undertaken scheme by scheme to identify areas where urgent investment is required. To realise synergies of contractor skills and location, detailed assessments of the private balcony areas will be undertaken scheme by scheme at the same time as the Supported Housing Walkway project.

14. Porch/Canopy Refurbishment:

In order to make most effective use of this budget, it will be used where External Wall Insulation (EWI) is installed and the existing canopy needs to be replaced as part of this upgrade. Any surplus monies will be earmarked for urgent replacements identified by the Repairs or Structures Teams to ensure that properties remain safe.

15. Copse Road Improvement:

Monies have been earmarked to undertake urgent repairs to one block in Townhill Park. We plan to accelerate the redevelopment of properties within the Estate Regeneration timetable if possible, however some investment is required to keep the block in a condition where the units can continue to be let in the interim, which has been subject to a business case.

16. Shop Walkway Roofing:

Feedback from Capita Valuers' Team has identified significant under-investment in the walkways above shop units. This has resulted in many properties having patch repairs undertaken which are now becoming ineffective and resulting in more extensive investment being required. Monies have been identified to supplement the existing roofing programme to allow walkways above shop units to be replaced where required. Individual sites are to be assessed to determine whether capital investment is appropriate, or if ongoing repairs are suitable.

17. Roofline Items:

Roofline items (bargeboards, downpipes, fascia and gutters) across the city require replacement as original units have now deteriorated and require replacement. A proportion of this budget will be utilised with the Supported Housing Walkway project and the external decoration programme to realise the benefits of combining various elements as part of block refurbishment works. Reactive capital replacement works will account for the remainder of the budget to respond to items of work beyond day to day repairs.

18. Downpipes at Redbridge Towers:

Works to replace the downpipes on Redbridge Towers have been identified as being required. Similar works have already commenced at Millbrook Towers where the original downpipes have corroded causing rainwater to gather on balconies and potentially cause further damage to the balcony area.

19. Golden Grove/Ridding Close Balconies:

Design faults and subsequent modifications to the buildings in these areas have created properties which are prone to water ingress. A package of works has been designed to address the building deficiencies through making good building faults and applying a resin coating to the external face of the building to reduce the risk of further water ingress. This has been successfully deployed at blocks at Golden Grove in 2015/16 and this is now a full roll-out of this solution.

20. Window Replacement:

Re-phasing to accommodate ECO works and work within overall budget constraints has resulted in works from 2016 onwards being re-phased to later years. The programme for 2017/18 will therefore be delivered based on priority of need city wide, validated by ongoing survey assessments.

21. External Door Replacement:

The 2016/17 budget requirement has been redistributed to later years to better reflect the requirements of the stock within the resources available. Therefore the programme for 2017/18 will be delivered based on city wide priorities, validated by ongoing survey assessments.

22. Structural Works

Structural works budget identified based on historic spend and expected demands from ageing stock. Regular surveys of blocks are being undertaken to identify works required to ensure the ongoing safety and integrity of the structures.

Council

23. Wall Structure and Finish:

Ongoing programme to address deterioration in wall finishes across the city that cannot be addressed through day to day repairs. Works will protect the weather tightness of the assets to prevent damp related issues.

MODERN FACILITIES

Cabinet

24. Programme Fees:

There are certain fees involved with managing the programmes of work included within the HRA Capital Programme that are not charged to individual schemes. Separate Scheme Approval is therefore sought for these essential programme management fees.

25. Tenant Alterations:

Whilst the full impact of alterations by tenants to council stock is not yet known, this capital budget exists to address such alterations as and when they are identified which require investment to either maintain or remove as policy dictates.

26. Electrical Systems:

Investment in the rewiring of the housing stock addresses properties where the need to upgrade the electrical installation has been identified. This in conjunction with the ongoing compliance activities helps to ensure that properties remain safe in relation to the electrical installations present.

27. Housing Refurbishment Programme:

The majority of the kitchen and bathroom programme will be completed in the current year before the next cycle of replacements commences. Short term ongoing expenditure from 2017-18 onwards relates to a combination of known refusals (which are expected to need works when the properties become void) and addressing properties where there is either a separate W.C. (downstairs) or where there has been an adaptation of an additional bathroom to meet a tenant's need, which to date have not formed part of the programme.

Council

28. Disabled Adaptations

This is an ongoing requirement to facilitate the adaptation of properties to meet the changing needs of our tenants.

29. Heating Systems:

Ongoing programme of heating upgrades to properties across the city, separate to the ongoing ECO project. Priorities will be determined either by feedback from maintenance teams or identified appliances which are inefficient.

WARM AND ENERGY EFFICIENT

Cabinet

30. Communal Building Services:

This budget is for undertaking capital works to communal electrical systems and landlord lighting systems. The communal electrical testing and specialised surveys will be relied on to identify priority areas for works.

31. Communal Doors

There is a budget to allow a continuing programme of upgrades to block entrance doors. Priorities have been identified by Local Housing Offices based on evidence relating to ASB and other security issues.

32. Communal Heating Systems

There is a capital budget to upgrade heating systems for communal areas where required. Specialist surveys will be required to confirm whether full replacement is required or if upgrades will fulfil requirements.

33. Communal Shed & Storage:

This capital budget is to compliment the external decoration programme to allow shed areas to be updated as necessary with new doors and roof replacements.

Council

34. ECO Thornhill/Shirley/Sturminster/Albion & District Heating

This is re-phasing and the approval of the remainder of the funding in 2016-17 and 2017-18 to deliver ECO works across the city. The current unapproved budget is phased over 3 years from 2016-17 to 2018-19. This re-phasing and approval will ensure that the scheme budget is in line with current completion dates and will incorporate external wall insulation, windows upgrades and district heating systems.

WELL MAINTAINED COMMUNAL FACILITIES

Cabinet

35. Communal Windows

Capital budget for the replacement of communal windows in blocks across the city identified from a combination of survey assessments and feedback from Repairs teams.

36. Communal Kitchens

Capital budget for the replacement of communal kitchens in supported blocks across the city identified from a combination of survey assessments and feedback from Repairs teams.

37. Dry Riser Replacement Programme

Following the identification of valve failures in 2 dry riser systems, a 5 year programme has been developed for the replacement of dry risers to all high rise blocks across the city. Dry risers have been certified as currently being compliant however due to the age further failures and increasing maintenance, costs are expected to rise if left unaddressed.

38. Central Fan Replacement Programme

Fans in high rise blocks which service the central ventilation systems have suffered from under investment, relying on ad hoc maintenance to service and/or replace units as they fail. This capital budget is to initiate a programme of works to replace all fans that have not already been replaced to ensure that the systems work correctly to provide the necessary ventilation to dwellings within the blocks.

39. Central Water Pump Replacement Programme:

Water pumps in high rise blocks have suffered from under investment, relying on ad hoc maintenance to service and/or replace units as they fail. This capital budget is to initiate a programme of works to either replace pumps that have not already been replaced or alternatively convert to mains pressure where possible to ensure that the systems work correctly to provide the necessary water pressure to dwellings within the blocks.

40. Communal Area Works

Communal Area Works relate to a variety of capital improvement works to the communal areas within blocks. Improvements include renewal of flooring surfaces and refurbishment of communal facilities where required (such as laundry rooms, bin areas). Where possible works will be coordinated with other capital programmes to minimise disruption to tenants.

41. SHAP Programme

This is a capital budget to support delivery of improvements to Supported Housing as determined by the Supported Housing Team.

42. Roller Shutter Doors

Capital budget to allow planned replacement of roller shutter doors across the city. This is a growing requirement as they approach the end of their useful life and increasingly present a health and safety risk to bin persons and onsite staff.

43. Renew Communal Systems (Alarms):

The replacement of the warden call system which has been identified by Supported Housing teams as needing replacement due to age and ongoing difficulties in maintaining.

ESTATE REGENERATION AND NEW BUILD

Council

44. Existing Satisfactory Purchase Scheme

This scheme, totalling £4,785,000, will aim to bring properties into Council stock by purchasing suitable properties (chiefly family-sized) from within the local market that add long term valuable assets to the Council housing stock and help to meet the high demand on Southampton's social housing waiting list. This scheme will be 30% funded by useable 'right to buy' receipts, in quarters 2 and 3 of 2016-17, avoiding the need to return these time-limited receipts to Central Government with interest. The Woodside/Wimpson capital scheme will use further useable receipts from quarter 4 of 2016-17.

RESOURCE IMPLICATIONS

Capital/Revenue

45. There are sufficient funding streams 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

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

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

47. 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:

48. None

POLICY FRAMEWORK IMPLICATIONS

49. 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	
WARDS/COMMUNITIES AFFECTED:	All wards	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	None	
Documents In Members’ Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		No
Other Background Documents		
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)	
1.	None	