

**SUPPLEMENTARY 1**

**THE EXECUTIVE**

**Tuesday, 16 June 2009**

**Agenda Item 10.      Housing Investment Programme 2009-11 (Pages 1 - 12)**

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## THE EXECUTIVE

16 JUNE 2009

### REPORT OF THE CORPORATE DIRECTOR OF RESOURCES AND CORPORATE DIRECTOR OF CUSTOMER SERVICES

The Chair will be asked to decide if this report can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid unnecessary delay in progressing additional Housing Investment Programme proposals.

<b>Title:</b> Housing Investment Programme 2009-2012	<b>For Decision</b>
<p><b>Summary:</b></p> <p>This report</p> <ul style="list-style-type: none"> <li>(i) Provides an update on the Council's housing investment highlighting the progress made in delivering the investment programme during 2008-2009, including information on the delivery of Decent Homes. It details on-going financial commitments arising from the year's investment programme.</li> <li>(ii) Informs on capital resources available to deliver an investment programme for 2009-2010 to 2011-12. The Report proposes additional schemes for inclusion in the Housing Investment Programme for this period.</li> <li>(iii) Identifies contributions to the Authority's Strategic objectives arising from the proposed Investment in 2009-2010.</li> </ul> <p><b>Wards Affected:</b> All</p>	
<p><b>Recommendation(s)</b></p> <p>The Executive are asked to:</p> <ul style="list-style-type: none"> <li>(i) Note the current position on the delivery of capital investment in the Council's housing stock, including works to make homes decent and associated outputs for 2008-2009.</li> <li>(ii) Agree the prioritised housing investment programme of works for 2009-10 to 2011-12 periods, for resources previously approved by the Executive on February 17 2009 and by the Assembly on 25 February 2009 and revised resources as detailed in appendix 1. The Capital Programme is adjusted for the relevant re profiling of resources and projected spend contained in this report.</li> <li>(iii) To delegate authority to the Divisional Director of Asset Strategy &amp; Capital Delivery and Divisional Director of Housing Services to agree detailed programme that make the programme heads, in consultation with the Cabinet Member for Housing and in consultation with the Legal Partner, to award the contracts for the projects identified for the housing investment programme.</li> </ul>	
<p><b>Reason(s)</b></p> <p>The Housing Investment programme assists the Council in achieving:</p>	

- (i) The Housing Investment objective of making and keeping homes decent.
- (ii) Its Community Priority 'Safe, Clean, Fair and Respectful, Healthy, Prosperous, Inspired and Successful.
- (iii) Its Decent Places objective of making our neighbourhood places where people want to remain, through the borough wide CHP programme.

### **Implications:**

#### **Financial:**

Housing Investment expenditure including disabled adaptations in 2008/09 was £32.328m against a budget of £28.739m. This overspend of £3.6m will be met from a combination of corporate resources in 2008/09 and reduced Housing Investment resources in 2009/10.

Anticipated funding including disabled adaptations for 2009/10 is £23.773m and for 2010/11 is £16.838m.

Committed and proposed expenditure in this report anticipates spend of £25.362m and £15.618m in 2009/10 and 2010/11 respectively. This results in a shortfall in 2009/10 of £1.589m and uncommitted budgets in 2010/11 and 2011/12 of £1.220m and £4.352m respectively. By agreeing the proposed programme of works the council is virtually committing all its currently known resources for the period 2009/10-2011/12.

There are no direct revenue implications arising from this report.

#### **Legal:**

This is an update report to Members and there are no specific legal implications in the report. The Housing Capital Programme is reviewed and approved annually and outputs delivered throughout the year.

The additional investments programme detailed in the report was approved by the Executive at their meeting on 17 February 2009 and by the Assembly on 25 February 2009.

#### **Risk Management:**

There are several risk areas associated with the proposed investment programme, these have been appraised and the following actions taken:

- (i) A prudent view of the resources available has been taken for both 2009-2010, and 2010-2011, with a minimal contribution from both Right-to-Buy Sale receipts, and Land Sales.
- (ii) The programme has been structured to allow scheme starts throughout the year, allowing a flexible response to resource change, schemes in 2011 will be prioritised to allow a call forward of schemes from the 2010-2011 programme should resources permit such an outcome.
- (iii) The risks associated with managing costs will be controlled through the existing system of regular monitoring of those contractors engaged to deliver major programmes of investment in addition the programme will be reviewed on a regular basis through the various reporting streams.
- (iv) Not delivering decent homes programme and managing Resident expectations – this will be managed by providing regular communications to residents across the borough to limit the level of residents' dissatisfaction and complaints.

- (v) There is a risk to the second tranche of external funding for the Colne and Mersea project of £1.8m in 2010-11. If the funding is not forthcoming the council will either have to find the additional resources of £1.8m from within the Housing Investment programme during 2010-11, reduce the scope of the scheme or stop the scheme, possibly incurring significant preliminary and set-up costs.
- (vi) The major works provision is reduced from 2010-11 by £1m, this requires that efficiency savings to be delivered out of the Enterprise contract, otherwise, there would be an impact on the Repairs & Maintenance budget.

**Social Inclusion and Diversity:**

In accordance with the Race Relations (Amendment) Act 2000, the Council has introduced a Policy Proofing process to assess the impacts of all new and revised policies in terms of race equality, gender, disability, sexuality, faith, age and community cohesion.

The outcome in so far as this report is concerned is that delivering capital investment programme, including decent homes throughout the Council’s housing stock will improve housing conditions for some of the borough’s poorest residents. Also, Energy efficiency measures will help to reduce fuel bills and the proposal to extend homes to ease pressures on overcrowding generally; will meet need in relation to households with larger families and family members with a disability and also increasing foster care.

**Crime and Disorder:**

Section 17 of the Crime and Disorder Act 1998 places a responsibility on local authorities to consider the crime and disorder implications of any proposals.

In relation to this report, there are a number of elements of the programme through the “Decent Places” strategy of the Authority that will improve security and also reduce the crime and the perception of crime, supported by the Community Housing Partnership initiatives.

**Options Appraisal:**

The overall Housing Investment programme, including those commitments carried forward from 2009 – 2010 has been subject to the Council’s CPMO review process.

Within the proposed Housing Investment programme individual schemes have been appraised on the basis of a range of factors including contribution to Corporate objectives, Value for Money, including future maintenance costs, and protecting vulnerable residents.

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**1. Introduction and Background**

1.1 The Housing Capital Programme is a significant investment activity on the part of the Authority, and makes major contributions to Strategic objectives, including Decent Homes, Best Value, tackling Crime and Disorder and local Sustainability. The principal output for the Authority arising from this investment activity is the contribution made to reducing the level of non decent local authority owned housing, with the specific objective of achieving the elimination of non decent Local Authority housing by 2011 and achieving this objective is a key element in the determination of annual Comprehensive Area Assessment as determined through Audit Commission inspection. Making and keeping homes decent has been, and continues to be, the driving principle of Housing Investment Activity in 2009/2010, and 2010/ 2011 and the

schemes proposed for inclusion within the Investment programme reflect this priority. Without additional resources, the Authority will not be able to meet the prescribed deadline.

- 1.2 The Housing Investment Programme is designed as a dynamic process; this allows uncertainties and unforeseen events to be managed over the current and future years. In the past such uncertainties have included scheme costs, where savings have allowed additional works within the programme, or additional schemes to be delivered.
- 1.3 The developing National Economic situation, with declines in both property and land values impacted on the proposed capital expenditure across the Authority. The resources available for funding Housing Capital expenditure was reduced during the last quarter of the 2008/9 financial year, one of the most significant impacts of this reduction, was on the Decent Homes programme.

## 2.0 Current Position

### 2.1 The 2008-09 Programme

During the 2008-09 financial years the housing capital programme made reasonable progress against set targets in improvements to residents' homes and neighbourhoods. 2,647 homes were made decent during the year through the Council's long-term Framework Contracts. Works included new and improved central heating and energy efficiency, electrical rewiring, roof renewal, limited kitchen and bathroom replacement, and external enveloping works. In addition further works included security improvements, disabled adaptations, lift renewals and environmental improvements. The programme included the completion of the major refurbishment of Bartlett and Oldmead tower blocks.

- 2.2 Based upon the programme delivered in 2008-09 and the current planned works progress towards achieving Decent Homes was as follows:

Status	2008/9
Total stock at start of year (1/04/08)	16,928
Non Decent Stock	6,323
Homes becoming Non Decent	1,505
Homes made Decent	2,647
Homes Non Decent at end of year	5,181
Percentage failing Decent Homes	30%

This shows that at the 31 March 2009 30% of the Council's housing stock failed the Government's Decent Homes Standard.

- 2.3 The 2008/09 overspend arose from additional spend on disabled adaptations and earlier than anticipated expenditure on Decent Homes works (which reduces the call on resources in 2009/10).

### **3.0 Housing Investment Programme Detail**

#### **3.1 Existing Contractual commitments (2009-10 to 2010-2011)**

The majority of the Housing Capital Programme 2009-2010 is made up of schemes and projects where there are commitments from 2008-2009, which are due to be completed during 2009-10. Such commitments are identified in Appendix 2.

#### **3.2 New Proposed Programme (2009-2010 to 2011-2012)**

The current level of resource is set out in Appendix 1; outlined below is how it is proposed that the programme be delivered:

##### **3.2.1 Extensions and Loft Conversions**

The Council has successfully bid for additional resources to support the Extensions, Deconversions and Loft conversions of family homes. The proposed budget is £420k in total; £210k is available to support this project and an additional £210k is required to be match funded from the council's capital programme.

##### **3.2.2 Sheltered Alarms**

The scheme to upgrade call systems and fire alarms systems in sheltered accommodation seeks to ensure that these systems become compliant with telecommunication network changes due to come into effect in April 2010. Out of a budget of £500k, a revenue contribution of £100k is expected from Adult and Community Services. Before committing specific works to each individual block a strategic review will be undertaken of the sheltered accommodation portfolio to ensure that works commissioned represent value for money to the Council.

##### **3.2.3 External Enveloping**

The proposed external enveloping works project will address the need to enhance the external fabric of blocks of flats around the borough through the concrete repairs and re-decoration of blocks of flats.

##### **3.2.4 CHP and Decent Places**

This is a targeted programme of projects designed to address local issues such as security and safety through the installation of door entry systems, renewal of communal lighting, upgrading of landlords lighting and the installation and upgrading of water tanks to address Legionella issues.

##### **3.2.5 Colne and Mersea Houses Refurbishment**

The Council has also successfully bid for additional resources to enhance an existing proposed Decent Homes project; £3.50m is available to support the proposed investment scheme at Colne & Mersea and four individual properties. The grant funding will allow for a range of measures including improved insulation, ventilation as well as steps to conserve water.

£1.8m of the grant funding in 2008/9 is confirmed and the grant for 2010/11 is due to be confirmed by the end of the year. It should be noted that there is a risk to the second tranche of external funding for the Colne and Mersea project of £1.8m in 2010/11. If the second tranche of funding is not forthcoming, the council will either have to find the additional resources of £1.8m from within the Housing Investment programme, reduce the scope of the scheme or stop the scheme, possibly incurring significant preliminary and set-up costs.

#### 3.2.6 The Remote Concierge scheme

This is part of an ongoing scheme to improve resident security at Millard Terrace, Oldmead and Bartlett Houses. The scheme involves a controlling entry to visitors by an off-site reception service, managed through a central security centre. This scheme supports the Authority's Decent Places Strategy.

#### 3.2.7 The Upgrade of Communal Water tanks

This is designed to address potential health and safety issues with communal water tanks to blocks of flats, through tackling poor condition water services, where the risk of water borne diseases increases as tanks age. These tanks are prioritised through regular inspection reports.

#### 3.2.8 The Upgrade to Communal Lighting

This is the upgrading of communal lighting within blocks of flats as part of planned programme to improve security, and reduce maintenance costs through addressing increasing maintenance costs on aging electrical supplies and light fittings.

#### 3.2.9 N – Power CERT Programme

This supports a programme of energy efficiency works to homes across the boroughs, contained within the housing investment programme above. It should be noted that £2.86m is potentially available to support eligible works, which includes loft insulation, and cavity wall insulation, accessing these funds historically has been linked to the mainstream Housing Investment Programme.

## 4.0 Issues

4.1 The proposed Investment programme proposes prioritising spend in several key strategic areas, namely Decent Homes, Sheltered Housing, and Decent Places.

4.2 The successful delivery of Decent Homes is a critical service delivery area for our residents, as this directly impacts on the quality of life residents enjoy in their homes. The existing retained stock at the beginning of the 2009-10 programmes increased to 19,139 as a result of 2,264 homes originally in Regeneration areas, but which have now been included in the retained stock as these homes are now not being demolished until after 2010. Due to the nature and condition of these additional properties this has a significant effect on the Council's progress towards meeting the Decent Homes target (see table below).

With the available level of resources the 2009-10 programme is forecast to deliver a minimum of 1539 additional Decent Homes during the year, and taking account of the additional homes brought back into the retained stock to be made decent results in a forecast position as follows:



Status	2009/10
Total stock at start of year (1/04/09)	19,139
Non Decent Stock	7,445
Homes becoming Non Decent	675
Homes made Decent	1,539
Homes Non Decent at end of year	6,581
Percentage failing Decent Homes	34%

4.3 Sheltered Housing delivers services to some of our most vulnerable customers. The proposed replacement of the existing system will ensure we meet our legislative requirement and provide the required level of service for our elderly residents.

4.4 Decent Places programmes are designed to complement our Decent Homes programmes, by addressing resident concerns in their neighbourhood. Such schemes maximise visual impact through building fabric works, and tackle issue of crime and fear of crime through target security work programmes to predominantly flatted homes.

## 5.0 Managing & Delivering the Investment programme

5.1 The proposed new schemes will be delivered through the established construction framework agreements, and bespoke individual tenders, depending upon the extent of specialist works content within each scheme.

## 6.0 Financial Issues

6.1 The Housing Investment Capital budget is funded from a number of sources. Two of these sources, Right-to-Buy Receipts, and Land Sale receipts, are “assumed” allocations as their value is not guaranteed.

The actual level of receipts has been and will continue to be reviewed, assumptions changed, and the programme adjusted, to ensure annual predicted expenditure, and annual predicted resources remain balanced. This may involve individual schemes being expanded, accelerated, or slipped into a future year.

At this stage in the year it is assumed that there will be no resources generated from the sale of non-RTB assets.

6.2 The current forecast resources and proposed expenditure for the Housing Investment Capital Programme are as follows – further details are at Appendices 1 and 2:

	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000
<b>HOUSING INVESTMENT</b>				
Resources	28,739	23,773	16,838	13,500
Proposed Expenditure	32,328	25,362	15,618	9,148
Variation	3,198	1,589	-1,220	-4,352

- 6.3 By agreeing the proposed programme in this report the council is virtually committing all its currently known resources for the period 2009/10-2011/12.

## **7 Consultees**

- 7.1 The following were consulted in the preparation of this report:
- Councillor P Waker- Cabinet Member for Housing
  - David Woods- Corporate Director of Customer Services
  - Bill Murphy- Corporate Director of Resources
  - Yinka Owa- Legal Partner
  - Thomas Oyetunde – Group Manager, Housing Support
  - Rob Wood – Group Manager, Repairs & Maintenance
  - Christopher Boyo – Group Manager, Community Housing Partnership
  - Hakeem Osinaike – Group Manager, Community Housing Partnership
  - Maryam Collard – Procurement Manager, Housing Services

### **Background Papers Used in the Preparation of the Report:**

- Executive Report on the Capital Programme February 2009
- Enclosures:
  - Appendix 1 Resources for Housing Investment Programme 2009-2012
  - Appendix 2 Housing Investment Programme 2008 -2012

## Resources - Housing Investment Programme 2008 – 2012 APPENDIX 1

	2008/09	2009/10	2010/11	2011/12	2012/13
<b>HOUSING INVESTMENT PROGRAMME</b>	£'000	£'000	£'000	£'000	£'000
MRA	17,529	13,490	14,262	13,500	13,500
RTB	-	600	600	-	-
Asset Sales	13,300	1,000	3,000	-	-
Approved by Exec 17/2/09	30,829	15,090	17,862	13,500	13,500
HRA Borrowing	-	6,250	-	-	-
Approved by Assembly 25/02/09	30,829	21,340	17,862	13,500	13,500
Reprofile Exec March 2009	3,390	2,890	-	-	-
Current approved budget	27,439	24,230	17,862	13,500	13,500
Anticipated resource changes					
Roll forward to fund 08/09 overspend		-			
		2,442			
RTB - additional sales	-	176	176	-	-
Asset sales - assumed nil	-	1,000	3,000		
Other grants - conversions	-	209	-	-	-
Other grants - Mersea & Colne	-	1,800	1,800	-	-
	27,439	22,973	16,838	13,500	13,500
<b>DISABLED ADAPTATIONS</b>					
Corporate Borrowing	-	800	-	-	-
Capital Receipts	800	-	-	-	-
Reprofile Exec March 2009	500	-	-	-	-
Current approved budget	1,300	800	-	-	-
Total	28,739	23,773	16,838	13,500	13,500

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Housing Investment Programme May 2009

	2008/9	2009/10	2010/11	2011/12	TOTAL
	£,000's	£,000's	£,000's	£,000's	£,000's
<b>Housing Investment Programme - Committed</b>					
Refurbishment of Bartlett and Oldmead	1,909	125	0	0	2,034
Millard Terrace	203	1,980	30	0	2,213
Extensions & Loft Conversions	564	234	0	0	798
Lifts Replacement/Renewal	1,284	0	0	0	1,284
H works First Frameworks Contracts	3,409	316	0	0	3,725
DH works Framework Contracts	12,881	11,491	0	0	24,372
Holding works on Estates	2,889	51	0	0	2,940
Wellington & Birdbrook	140	0	0	0	140
Major Works (Enterprise)	5,275	3,500	2,500	2,500	13,775
Heating Works (Thaxted Maxey & Humphries Houses)	1,050	432	0	0	1,482
Other DH works Colne, Mersea & West Gascoigne	163	0	0	0	163
External Enveloping Works	103	0	0	0	103
Decent Places/CHP Provision.	401	95	0	0	496
Management	Incl.	1,948	1,948	1,948	5,844
Adaptations	2,057	1,300	500	500	4,357
<b>TOTAL</b>	<b>32,328</b>	<b>21,472</b>	<b>4,978</b>	<b>4,948</b>	<b>63,726</b>

<b>Housing Capital Investment Programme - Proposed</b>					
Remote Concierge	0	520	0	0	520
CHP Programme	0	1,020	730	0	1,750
External Enveloping Works	0	1,000	1,000	0	2,000
Extensions & Loft Conversions	0	270	210	0	480
Water Tanks/Landlord's Lighting & Switchgear	0	250	500	0	750
Lifts Replacement/Refurbishment	0	0	1,000	0	1,000
<b>Total</b>	<b>0</b>	<b>3,060</b>	<b>3,440</b>	<b>0</b>	<b>6,500</b>

<b>Housing Capital Investment Programme - Proposed</b>					
Colne & Mersea Refurbishment	0	330	7,200	4,200	11,730
Sheltered Alarms Installation	0	500	0	0	500
<b>TOTAL</b>	<b>0</b>	<b>880</b>	<b>7,200</b>	<b>4,200</b>	<b>12,230</b>
<b>GRAND TOTAL 2008/9 – 2011/2012</b>	<b>32,328</b>	<b>25,362</b>	<b>15,618</b>	<b>9,148</b>	<b>82,456</b>

<b>Breakdown of Scheme Content</b>	
<b>Extensions &amp; Deconversions</b>	Extending existing properties by at least two bedrooms to life time homes standard.
<b>Remote concierge</b>	CCTV security systems to Millard Terrace, Bartlett and Oldmead Houses, including linking to control room for monitoring and surveillance service.
<b>Millard Terrace</b>	Internal works comprising of re wiring Kitchens and some heating, together with external works including doors and window replacement and renewing ducts as part of decent homes works.
<b>CHP Programme (including Decent places)</b>	Door Entry Phone installation and replacement, communal lighting replacement and fencing replacement programmes.
<b>External Enveloping works</b>	External concrete repairs to flatted properties and re-decoration following completion of repairs.
<b>Major Works (Enterprise)</b>	Boiler replacements, rewires and other planned programmes.
<b>Water tanks and landlords' Switchgear</b>	Replacement of water tanks necessary to respond to Legionnella issues and upgrade of electrical landlords lighting switches.
<b>Sheltered Alarms</b>	A full upgrade of the sheltered alarms to BT21 CN compliant by April 2010.