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| Subject: | Housing Revenue Account Capital Programme 2013-2016 |
| Date of Meeting: | 18 December 2012 – Housing Management Consultative Sub-Committee 16 January 2013 – Housing Committee 14 February 2013 – Policy & Resources Committee |
| Report of: | Strategic Director of Place Director of Finance |
| Contact Officer: Name: | Tom Gillham - Head of Property Investment |
| | Tel: 29-3857 E-mail: tom.gillham@brighton-hove.gov.uk |
| Key Decision: | Yes |
| Wards Affected: | All |

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report seeks approval for the 2013/14 capital programme and provides a provisional capital programme for the following two years, 2014/15 & 2015/16, for the Housing Revenue Account (HRA). The report takes into consideration the latest resources available and commissioning investment priorities.
- 1.2 The council's Housing Revenue Account (HRA) relates to the council's landlord duties in respect of approximately 11,935 properties and 2,555 leasehold properties.

2. RECOMMENDATIONS:

- 2.1 That the Housing Committee recommend that Policy & Resources approves the capital programme budget of £26.957 million and financing for 2013/14 as set out in paragraph 4.1 and comments upon the proposals.
- 2.2 That Policy & Resources approves the capital programme budget of £26.957 million and financing for 2013/14 as set out in paragraph 4.1.

3. STRATEGIC CONTEXT

- 3.1 The 2013 - 2016 provisional HRA Capital Programme aims to balance the priorities of both the City Council and our residents to achieve a good quality, sustainable, and fit for purpose housing stock which delivers against emerging housing commissioning investment priorities as identified in the housing commissioning framework. The Capital Programme is developed within the context of the Corporate Plan 2011-2015, which sets out the council's strategic

direction and priorities for the next four years, based around the five council priorities:

- Tackling inequality
- Creating a more sustainable city
- Engaging people who live and work in the city
- A responsible and empowering employer
- A council the city deserves

3.2 The capital strategy will focus on meeting the overarching housing strategy and corporate plan priorities through investment in building new homes, and improving the quality and sustainability of the existing housing stock. The HRA capital strategy aims to ensure that every pound invested reaches beyond the housing service and contributes to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability. In supporting these priorities the capital programme will focus on:

1) Tackling Inequality

The Capital budget strategy focuses upon: Investment in building new affordable homes in HRA land and specific garage sites. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating jobs and supply chain business opportunities

- § Continuing the improvement in the quality of existing council homes by achieving the Brighton & Hove Standard (Decent Homes Standard) across the housing stock by the end of 2013. Research by Nottingham Trent University has estimated that every pound spent on Decent Homes improvements creates £1.46 in local spend through orders to tradesmen and suppliers in the area
- § Increased investment in adaptations to enable council tenants to live independently in their homes. Adaptations to housing are aligned with adult social care's focus on prevention and re-abllement, which minimises delayed discharges and avoidable admissions to hospital and reduces the pressure on health and social care budgets.
- § Action to increase asset value, tackle over-crowding, and improve health and well-being through the continuation of the loft conversion and home extension programme.
- § Tackling health inequalities through an ongoing strategic programme to prevent damp and reduce condensation in homes.

2) Creating a more sustainable city

The capital programme will focus on improving the sustainability and energy efficiency of the housing stock by reducing waste and delivering more affordable warmth:

- Tackling fuel poverty through continued investment in providing modern, energy efficient heating for council housing residents.
- Improving the sustainability and energy efficiency of the housing stock in line with the emerging One Planet Living Sustainable Action Plan for council housing. This would include insulation improvements, over-cladding projects, solar photovoltaic (PV) and improvements to communal lighting.
- Investing in estate regeneration to make best use of our existing assets and building new council homes to high sustainability standards.

3) Engaging people who live and work in the city

- The budget strategy continues to provide £0.540m for the tenant-led estate development budget. This budget is now operated using a not-for-profit model to maximise social value. The lift replacement programme was accelerated and investment increased as a direct response to the 2012/13 budget consultation. Budget consultation this year has also informed our discretionary capital spend.

3.3 This report outlines the strategic commissioning approach to the 3-year HRA capital programme giving details of proposed funding for:

- Improving housing quality
- Brighton & Hove standard works
- Sustainability and carbon reduction
- Tackling inequality
- Building new council homes

It should be noted that Decent Homes work is included within Improving housing quality, Brighton & Hove standard works and sustainability and carbon reduction programmes.

4. FUNDING 2013/14 CAPITAL PROGRAMME

4.1 The 3 year programme is funded from a variety of sources including revenue surpluses, general reserves, borrowing, capital receipts from leasing properties to Seaside Community Homes and Right to Buy sales and grants. The proposed programme for 2013/14 and the funding arrangements are outlined below. This programme does not include any reprofiling identified from the 2012/13 targeted budget monitoring.

| | 2013/14 Budget £'000 |
|--|-----------------------------|
| EXPENDITURE | |
| *Improving housing quality | 8,942 |
| *Brighton & Hove standard works | 6,266 |
| *Sustainability & carbon reduction | 8,236 |
| Tackling inequality | 2,863 |
| Building new council homes | 650 |
| Total Programme | 26,957 |
| FUNDING | |
| Revenue Contribution to Capital | 20,779 |
| Borrowing | 2,948 |
| Decent homes indicative funding | 1,000 |
| Other Grants - CESP | 80 |
| Reserves | 2,150 |
| Total Funding | 26,957 |
| Projected Capital Reserves at 31 March 2014 | 250 |

* Decent Homes works of approx £13 m pa included in these work programmes

- 4.2 The majority of the capital programme is funded from the 2013/14 revenue budget surpluses (from rental income) of £20.779 million, supported by borrowing of £2.948 million for which the capital financing costs are included in the revenue budget.
- 4.3 The Homes and Communities Agency confirmed that provisional grant funding of £1 million for 2013/14 and a further £1.2 million for 2014/15 available to support the Decent Homes programme has been allocated. In addition, the funding includes an assumed level of external funding of £0.080 million via the Government's carbon reduction grant funding programmes, run by utility companies.. The funding is generated from work that bring about carbon use reductions in the housing stock.
- 4.4 The programme assumes that there will be no capital receipts available during 2013/14 from the leasing of properties to Brighton & Hove Seaside Community Homes due to the phased transfer of these properties, however receipts will become available again during 2014/15. Investment will be used to maintain our homes to the Brighton & Hove Standard and potentially fund other strategic housing priorities.
- 4.5 The 2013/14 budget assumes that retained capital receipts from 'right to buy' (RTB) sales will be held in reserves until 2014/15 and then used to offset against the costs of the building new council homes programme. Capital reserves at 31 March 2014 are projected at £0.250 million which reflects the estimated retained RTB receipts.

5. CAPITAL PROGRAMME 2013-2016

- 5.1 The investment programme for 2013/14 is £26.957 million and is detailed in Appendix 1, along with the provisional programme for the following two years.
- 5.2 The 3 year Capital Investment Plans provide the council with medium and long-term works information which will enable the council to build, achieve and sustain consistently high levels of customer service, to both general housing and sheltered homes across the city. This plan will help to build on the progress already made ensuring proactive, efficient and effective pre-planning, as well as continuously improving resident liaison and overall engagement. The plan effectively supports the council's commitment to communicate plans and intentions, and further develops one of the key objectives of transparency.
- 5.3 This 3 year plan takes its lead largely from that consulted on and agreed last year, giving a consistent strategic approach, and assisting with achieving programme delivery. Outline plans are currently being developed into meaningful geographical areas of work programmes with indicative timelines to foster improved resident communication, and understanding, of our major works plans across the city. Once these plans are finalised, with our partners, over the coming weeks, further details will be reported as appropriate, to allow further discussion of the capital investment programme. The programme will also be published on the council's website, as usual and as soon as possible, to ensure full access to information. A high level of resident liaison and involvement in the earliest phases, and throughout refurbishment programmes is supported through the agreed processes now in place with Mears.

1) Improving Housing Quality

- 5.4 Health & safety works remain the key basic requirement for ensuring the wellbeing of all residents, visitors and those working on housing assets. This area of works includes door entry systems, close circuit television (CCTV), water tanks, lifts, ventilation shafts, dry risers, fire alarms, asbestos management, roofing, lighting, structural building work, preventative damp work, cyclical maintenance and decorations programme.
- 5.5 The 3 year programme includes substantial investment in lift replacements and modernisation. This budget was increased to reflect tenants support for completing the lift replacement programme as soon as is practical. The increased funding reflected in this programme will enable the new lifts to be installed across the city within the next 7 years, rather than the original plan to complete programme over a 10 year period. Over the year to come, replacement and upgrading will focus on installing new lifts at Hereford Court, Theobald House, Thornsdale, Philip Court, Sanders House, Nettleton Court and beginning the 2-year programme at Leach Court, subject to any leasehold requirements, where they apply.
- 5.6 Fire Safety and Asbestos management budgets throughout the period reflect the need to retain good levels of risk management in these key areas. In many cases, such as the door replacement programme, highly secure and fire compliant doors are being fitted, which also reduce drafts and improve energy efficiency for residents.
- 5.7 The Minor Capital works budget includes a provision for programmed works identified by residents where their homes and buildings require large or complex repairs, also a sum for surveys and preparatory works.
- 5.8 The budget now includes a specific programme for tackling condensation and mould growth. This essential work deals with a potential health hazard, and work to prevent effects of condensation and damp have been integrated into the cyclical area-based investment programmes. Other budgets for ensuring water safety and the security of residents, for example through modern, well maintained electronic door entry systems, make up our ongoing planned investment in safety and security in this area

2) Brighton & Hove Standard Works

- 5.9 The capital programme reflects the need to meet the Decent Homes target by December 2013. Works to improve homes include ensuring that internal elements such as kitchens, bathrooms, central heating systems and rewiring homes, as well as external elements such as doors and windows, all meet the benchmark standards. Additionally, basic health and wellbeing requirements are assessed, and the required safety levels met. By 2013/14, with decency achieved, the capital budgets reduce to a level that provides funding for those properties falling out of decency and for further investment in areas that provide comfort and security and improve energy efficiency. For example upgrading and improving main entrance door sets in blocks of flats and installing high efficiency boilers.
- 5.10 A large scale electrical wiring programme to upgrade and improve communal lighting and controls, is now well underway, with provisional programmes published on the website.

3) Sustainability & Carbon Reduction

- 5.11 This programme supports our action plan commitments as set out as part of the One Planet Living plan, to reduce annual Carbon Emissions associated with energy use in council owned properties. Proposals include funding to allow the procurement of a separate contract, which will scale-up delivery over the next 3 years, to enable the installation of solar PV panels, integrated with appropriate projects, where possible, to take advantage of economies of scale and other identified stand-alone building improvement opportunities. It is important to note that insulation and other improvements to properties may be required in order to meet minimum energy performance requirements that are linked to feed-in tariff revenue generating payments being accepted.
- 5.12 Against the background of rising fuel costs, it is imperative that we reduce energy wastage by ensuring homes have modern heating systems and are well insulated to minimise the number of households suffering from fuel poverty. £10.1 million is included over the next three years to replace and upgrade a number of the communally heated systems alongside individual domestic replacements and improvements. Where practicable, renewable energy is being incorporated within these projects, for example, in 2012/13 Walter May House received a communal solar hot water system along with new high efficiency boilers. It is intended to undertake more of these types of project, subject to feasibility surveys that are now being undertaken.
- 5.13 Insulated over cladding provides an additional protective layer to our buildings this has a number of benefits including energy efficiency. The programme also includes survey and installation of cavity wall insulation and loft insulation top ups to 270mm, where construction types and location allow it. In addition it is proposed to fund the completion of ongoing major projects at Essex Place and Hereford Court, as well as starting Phase 2 improvements at the Bristol Estate (subject to further studies and required permissions).

4) Tackling Inequality

- 5.14 The capital programme has been proposed with the inclusion of the following discretionary items of spend:

Estate Development Budget (EDB)

- 5.15 The Estate Development Budget is included at £0.540 million per annum. Working collectively with our residents and Mears, officers wish to explore ways of returning even greater value for money and levels of customer satisfaction. EDB bids will be integrated into larger planned programmes of works, where it makes sense to do so, in order to achieve greater economies of scale and therefore get more for EDB money.

Improving adaptability and accessibility

- 5.16 The aids and adaptations budget has been increased by a further £0.300 million per annum to £1.150 million to reflect the growing need for a variety of personalised adaptations to help residents continue to access and live comfortably in their home as their circumstances change. These projects are delivered by working together with Occupational Therapy professionals.

A review will be undertaken during 2013-14, to ensure that the funding is delivering value for money.

Conversion and Extension of Existing Dwellings

- 5.17 The 3 year capital programme includes a programme of loft conversion and extensions to help alleviate overcrowding and to facilitate any required adaptation works, in some of our family homes. These projects have already helped to reduce the number of overcrowded families, and provide good quality family homes that meet the specific needs of vulnerable residents. We have identified many overcrowded families whose homes would benefit from adaptations, special needs or lifetime homes requirements that are integrated with the investment works where possible. These projects help local families to be in a position to plan for the future by being based in a suitable location for the long-term. This budget has been increased and aims to provide around 15-20 home extensions per annum, depending on the size and complexity of each project.

Fencing

- 5.18 This budget provides for a strategic approach to improving boundary fencing across the city. Fencing has been identified by residents as an area where greater resources should be allocated based on safety and security needs and a policy is being developed with partners and residents to reflect this.

Cycling Facilities

- 5.19 This proposed budget supports sustainable lifestyles by allowing communities to identify and install improved cycling infrastructure, such as secure, dry storage facilities and lighting.

5) Information Computing Technology

- 5.20 Investment in ICT continues to be key to improving the council's online offer to residents by expanding the range of fully web-enabled transactions and support residents to self-serve and access services more locally, particularly with Universal Credit and the impact of Welfare Reform starting to be felt. The budget has been reduced compared to previous years but provides for upgrade and improvements to the current Housing Management and Customer Online system and out the IDOX electronic document management system across all housing services.

6) Building new council housing

- 5.21 The Housing Investment 2012-2020: Strategy & Implementation Plan report approved by Housing Committee on 26 September 2012 outlined proposals for future redevelopment and new build opportunities on HRA land. This included developing the final feasibility, design and build of 29 new housing units on demolished vacant garage sites. The current capital programme includes funding for initial feasibility, design, planning to develop these schemes, with an additional £1.000 million for building costs (during 2012/13) and a further £4.315 million in the provisional 2014/15 programme. Once full schemes are developed, a report will be presented to Committee for scheme approval.

- 5.22 The Housing Investment 2012-2020 report also included approval for funding (of £0.350 m for 2012/13 and £0.650 m for 2013/14) for the procurement of initial feasibility and design, on identified case studies for housing opportunities on HRA land where appropriate, including stakeholder engagement and consultation. Any proposed deliverable

schemes from these case studies identified within 2013/14 will be reported to Policy & Resources for project, budget and funding approval.

6. CONSULTATION

- 6.1 Both the asset management panel (AMP) and Repairs and Maintenance Monitoring Group (RMMG) have successfully and effectively worked with BHCC staff and Mears to ensure that there is a thorough and transparent management of the programmes, and improvements to them. Both RMMG and AMP are represented on the Core Group, and are also to have representatives on the Partnership (operational) group and technical forum groups. All these groups will continue to work closely with BHCC and Mears as a partnership to ensure that contract expectations and requirements are met, and exceeded where possible.
- 6.2 The service has undertaken consultation with residents as part of the budget setting process, based around their priorities for the service. The consultation took place at Area Housing Panels in October with a follow up session at the City Assembly meeting in November. Each session used electronic voting technology to enable residents to register their views confidentially and see real time results. Each session was introduced with a quiz to provide background and context to the Housing Revenue Account budget.
- 6.3 The Area Panel sessions involved council officers presenting the case for two different budget areas with questions and discussion. This was followed by voting on which area is the most important budget priority or if they should be treated in balance. The results were as follows:

| Option 1 | Option 2 | Resident priority |
|---|--|-------------------|
| Spending money on making your homes safer and more accessible | Spending money on making your homes warmer and more energy efficient | Both in balance |
| Investment in prevention (e.g. tackle problems early and services such as money advice) | React as problems arise (e.g. reactive repairs, tackle ASB as it arises) | Both in balance |
| Make efficiencies to reinvest in homes (e.g. reduce office costs to support new house building and investment to improve housing and estates) | Maintain services as they are with no growth | Option 1 |

- 6.4 At the Citywide Assembly, in November 2012, residents looked at each of the priorities identified at Area Panels and discussed in groups their views about each area. They then identified specific areas of work that they as a group would like to see prioritised. The wider Assembly then voted on each of these areas. Priorities which received the most support included:
- Solar panels for revenue generation and reducing bills
 - Review assets to see if any can be sold e.g. offices, garages or land
 - Reacting and feeding back on anti social behaviour
 - Increase rents for new homes and those who can afford it

- Lifts to be repaired quicker
 - Draft proofing checks for homes
 - Faster response when repairs are reported
 - Reacting quickly when a vulnerable tenant has not been seen
- 6.5 The information on the strategy and commitments of the 3-year capital programme for the period 2012-2015 was presented to residents in early 2012, and details circulated widely, including being available on our website. The 2013-2016 3-year plan seeks to build on these solid foundations and deliver the long-term commitments that were made in these programmes, in a transparent manner, whilst reflecting any new priorities that have emerged in consultation with residents, such as speeding up the lift replacement programme. As more details emerge, further details will be reported as appropriate, to allow further discussion of the investment strategy and programme.
- 6.6 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.
- 6.7 It is important to note that every project cannot be foreseen within our planning strategy and where ad-hoc projects are needed to be carried out this will be done through existing and new processes and procedures that incorporate effective communication and engagement with all residents in the properties concerned, regardless of their individual tenure. All appropriate resident groups are to be fully included in this consultation.
- 6.8 A draft of this paper was presented for discussion at the Housing Management Consultative Sub-Committee on 18th December 2012.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Financial Implications are included in the main body of the report

Finance Officer Consulted: Sue Chapman

Date: 02/01/13

Legal Implications

- 7.2 In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of and installations in its housing stock. The maintenance and works proposals contained within this report will assist the Council in fulfilling those obligations. The Council must take the Human Rights Act into account when making decisions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in the report.

Lawyer Consulted: Liz Woodley

Date: 03/01/13

Equalities Implications:

- 7.3 All projects carried out include full consideration of various equality issues and specifically the implications of the Equality Act.

Sustainability Implications:

- 7.4 This programme supports the One Planet Council targets and Sustainable Action Plan. Housing is a key contributor to the Carbon Emissions reductions commitments and will help to reduce the number of residents affected by fuel poverty and rising energy costs. Project briefs are issued on all projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Crime & Disorder Implications:

- 7.5 All contracts are entered into with a requirement for site security. Specific projects, directly address security and prevention of crime and anti-social behaviour.

Risk & Opportunity Management Implications:

- 7.6 The prime risks associated with this report are those associated with major construction projects. Full account of risk is taken through compliance, in all works, with the Construction Design & Management Regulations, which amongst other measures, require preparation of project specific Health & Safety Plans.

Corporate / Citywide Implications:

- 7.7 The Housing Capital Programme reaches to all parts of the city. It seeks to provide substantial improvement to the Council's housing stock and improve quality of residents' lives in their homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and be developed to provide ever improving performance targets.

8. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 8.1 No alternative options were considered.

9. REASONS FOR REPORT RECOMMENDATIONS

- 9.1 The Local Government and Housing Act 1989 requires each Local Authority to formulate proposals relating to capital expenditure in respect of the HRA. The council's constitution and financial regulations require that capital budgets are approved through the Committee system.

SUPPORTING DOCUMENTATION

Appendices:

1. HRA Capital Programme for 2013-16

Documents in Members' Rooms

None

Background Documents

None

HRA Capital Programme 2013 – 16

| EXPENDITURE | Budget 2013/14 | Provisional Budget 2014/15 | Provisional Budget 2015/16 |
|--|---------------------------|---|---|
| | £'000 | £'000 | £'000 |
| Improving Housing Quality | | | |
| Door Entry Systems & CCTV | 247 | 248 | 250 |
| Water Tanks, Ventilation, Fire Alarms & Lighting | 288 | 289 | 292 |
| Lifts | 2,457 | 2,335 | 2,242 |
| Fire Safety & Asbestos Management | 507 | 468 | 430 |
| Minor Capital Works | 446 | 437 | 424 |
| Roofing | 1,095 | 1,111 | 1,134 |
| Condensation & Damp Works | 461 | 468 | 358 |
| Structural works | 1,827 | 1,228 | 352 |
| Cyclical Decorations | 1,614 | 1,461 | 1,492 |
| Brighton & Hove Standard Works | | | |
| Dwelling Doors | 427 | 409 | 394 |
| Kitchens & bathrooms | 2,196 | 1,871 | 1,910 |
| Rewiring - Domestic/ Communal | 1,291 | 935 | 991 |
| Windows | 2,352 | 1,345 | 1,313 |
| Sustainability & Carbon Reduction | | | |
| Solar PV Citywide project | 309 | 516 | 730 |
| Domestic/Communal Heating Improvements | 3,600 | 3,287 | 3,180 |
| Insulation improvements (incl overcladding) | 4,327 | 4,033 | 2,662 |
| Tackling Inequality | | | |
| Estate Development Budget | 540 | 540 | 540 |
| Disabled Aids & Adaptations | 1,150 | 1,150 | 1,150 |
| Conversions & Extensions Project | 973 | 1,111 | 1,194 |
| Fencing | 69 | 70 | 72 |
| Cycling Facilities | 51 | 52 | 52 |
| Housing ICT Budget | 80 | 80 | 100 |
| Building New Council Homes | 650 | 4,315 | - |
| | 26,957 | 27,759 | 21,262 |

