

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 2 OCTOBER 2012

Title:

HRA CAPITAL PROGRAMME MONITORING 2012-13

[Portfolio Holder: Cllr Keith Webster]

[Wards Affected: All]

Note pursuant to Section 100B(5) of the Local Government Act 1972

An annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report is an update on the HRA Capital Programme addressing the position regarding Decent Homes and Other Capital work. It reflects the ongoing monitoring, the issues that have occurred and the financial situation for the remainder of the financial year. The highest priority of work is ensuring the Decent Homes backlog targets are achieved to ensure Homes and Communities Agency funding is forthcoming.

The monitoring has highlighted the need to re-phase some of the 'other capital' funding into schemes which arise during the year or into future years expenditure.

How this report relates to the Council's Corporate Priorities:

The report relates to three of the council's corporate priorities.

- Value for Money – ensure our actions are customer focused and provide tenants with value for money.
- Affordable Housing – invest in our housing stock and achieve the Decent Home standard.
- Understanding Residents Needs – ensure our services are designed to meet people's needs.

Equality and Diversity Implications:

The contractors are required to operate in accordance with the Council's corporate equality scheme. The contract includes performance indicators to measure the number of direct employees employed and the supply chain partners from BME community and other diversity strands.

Environment and Climate Change Implications:

The investment in the Decent Homes will improve the thermal efficiency of the properties reducing the resources required to heat the property and water and consequently reducing the property's carbon footprint. This will benefit both the tenant and the environment.

All Decent Homes contractors submit their environmental policy to Waverley Borough Council as part of the tendering process. The way in which they carry out the works, the materials they use and the manner in which they dispose of waste is within their environmental policy and checked by Officers.

Resource/Value for Money Implications:

The 2012/13 Housing Capital Programme totals £11 million including £1.35 million brought forward from 2011/12. The programme is fully funded from existing HRA resources. In order to ensure that resources are being spent in accordance with approved programmes budgets are monitored at least monthly, contractor targets monitored weekly, thus obtaining value for money, and ensuring a positive experience for tenants.

Legal Implications:

The Council has statutory and contractual responsibilities to maintain and repair its property assets to defined standards. In contractual terms this includes responsibilities on the frequency of maintenance work and it is essential that the recommended planned maintenance programmes are implemented.

Background

1. The investment model used targets the decent homes works to all Waverley's housing stock. With the HCA backlog allocation grant of £2.3m, topped up by investment from Waverley of £2.9m, this includes newly arising works. Additionally other capital works funding amounts to £5.5m. Waverley's homes are forecast to be 100% decent by 1st April 2016.

Table 1.

Summary of Capital Budgets 2012/13

DHS Backlog Funding		3,469,000
DHS Newly arising		1,762,500
Other Capital Works		4,482,120
Total approved 2012/13 budget		9,713,620
B/F Newly Arising Decent Homes (DH)	250,000	
B/F Other Capital Works	1,095,246	
Works B/F from 2011/12		1,345,246
Sub Total		11,058,866
Newly arising (DH) delayed spend	-525,000	
Other Capital delayed spend	-1,100,000	
Delayed Spend		-1,625,000
Total Expected Spend 2012/13		9,433,866

Introduction

2. Waverley Borough Council is carrying out major works programmes in order to achieve the Government's Decent Homes standard for all the properties it manages by 2016.
3. A cycle of programmes to renew kitchens, bathrooms, windows and doors, central heating systems, and roofs ~~is~~ will be carried out each year using HCA "Decent Homes" funds to the amount of £8.46m over three years. Additional funding from Waverley ~~to the amount of estimated at~~ £6.45m for the 3 years between 2012/13 and 2014/15 has been added to the Decent Homes budget.
4. The procurement and letting of 10 contracts at once has been challenging and the mobilisation by the contractors has been inadequate. Communication between the main contractor, Officers and tenants was unsatisfactory. The contractor has taken on additional supervision staff and these issues ~~have~~ are being resolved.
5. Due to the slow mobilisation some of the Decent Homes targets have not yet been achieved. Waverley's officers are working closely with contractors in an effort to improve performance during the remainder of this financial year. The projected delayed spending is noted in table 2 below.
6. The bathroom replacement programme is behind the set targets, this is largely due to many tenants replacing their own bathroom suites. Also, some tenants have refused the new bathrooms because they would prefer a shower over the bath. This is not in the current bathroom specification, Waverley officers will meet with tenants and discuss the specification and the possible inclusion of showers into the programme. This inclusion would not only add to the capital cost incurred but have on going servicing and maintenance implications.

Table 2.

Decent Homes Works Budget 2012/13

DHS WORKS	Backlog Funding	Plus Newly Arising Funding	Plus B/F	Revised Programme	Less Delayed Spend	Expected Decent Homes Spend
Kitchens	1,003,040	185,680	200,000	1,388,720		1,388,720
Bathrooms	753,960	93,320	50,000	897,280	300,000	597,280
Heating	750,000	341,000		1,091,000		1,091,000
Windows & Doors	0	312,500		312,500		312,500
Electric Rewires	217,000	160,000		377,000	100,000	277,000
Roofs	193,000	558,000		751,000		751,000
Walls/Chimneys	224,000	60,000		284,000	125,000	159,000
Overhead/Profit(Mears)	328,000	52,000		380,000	0	380,000
Total	3,469,000	1,762,500	250,000	5,481,500	525,000	4,956,500

7. The weekly targets to date of decent homes work ~~are has~~ shows (Table 3) kitchens and heating are ahead of schedule. The bathrooms are lagging behind, partially due to the specification, which will be revisited as previously mentioned. The other elements are on catch up and will achieve the targets.

Table 3

	Total to Date	Annual Target 12/13	Variance to date
Kitchens	152	290	-24
Bathrooms	103	373	62
Heating	144	221	-46
Roofing	30	64	-2
Rewires	16	101	29
Walls/Chimneys/other	0	97	43

8. The Decent Homes Grant of £2.317m for financial year 2012/13 will be allocated to decent homes works and fully spent. The projected delayed spending of £525k is a proportion of the Waverley BC funds (Table 2) for Newly Arising need.
9. The target of 80% properties achieving decent home standard by 1st April 2013 will not be affected by the non committal of the £525k this year. See Table 4.

Table 4.

	01-Apr-2013	01-Apr-2014	01-Apr-2015	01-Apr-2016
% non Decent	20%	12%	7%	0%
Total HRA stock	4850	4830	4810	4790
Non Decent stock	970	580	337	0

10. Other Capital Works in the budget are £5,577,366. (Table 5). Again due to mobilisation issues with the contractors this is likely to cause delayed spend.
- This 'other capital' works includes window and door renewals within this funding stream. When completed the window/doors go towards decent homes compliance.
 - Additional works like Aids and Adaption's and asbestos are not programmed as they are demand orientated.
 - The warden call system, automatic entrance doors, heating upgrades at the sheltered schemes will be carried out where required this financial year and full spend is anticipated.
 - The structural works on major voids has increased; this is partially due to the "London Clay" in the borough and poor initial build.

	Ordered	Committed	Paid	Total
Structural/Major Voids	£308,418	£345,885	£117,044	£771,347

Table 5.
Other Capital Works Budget 2012/13

	Original Budget	Plus B/F Approved	Revised Budget	Less Delayed Spend	Expected Other Capital Spend 2012/13
Fire Safety Upgrade	10,000		10,000		10,000
Doors & Windows (DHW)	987,120	660,246	1,647,366		1,647,366
Shelt Entrance Doors	30,000		30,000		30,000
Soffit/Fascia Replace	205,000		205,000	50,000	155,000
Asbestos Removal	250,000		250,000	150,000	100,000
Water Supply	40,000		40,000		40,000

Aids/ Adaptations	465,000	85,000	550,000		550,000
Warden Call System	10,000	150,000	160,000		160,000
Garage Works	25,000		25,000		25,000
Shelt Heating/Hot Water	50,000		50,000		50,000
Thermal Insulation	20,000		20,000	20,000	0
Wash Hand Basin	50,000		50,000	50,000	0
Kitchen/Bathroom	500,000		500,000	500,000	0
Structural Wk/Major Voids	1,000,000	20,000	1,020,000	200,000	820,000
Energy Efficiency	100,000		100,000	80,000	20,000
Dwelling Enlargement	0	180,000	180,000		180,000
Community Rooms	10,000		10,000		10,000
Unadopted Roads/Paths	50,000		50,000	50,000	0
Sound Insulation	50,000		50,000		50,000
Lift Upgrades	30,000		30,000		30,000
Total Other Capital	3,882,120	1,095,246	4,977,366	1,100,000	3,877,366
Officer & Specialist costs	600,000		600,000		600,000
Total	4,482,120	1,095,246	5,577,366	1,100,000	4,477,366

11. With the predicted delayed spending of £1.1m on capital works there is scope for additional works that are required at the sheltered schemes. A request will be made to the Executive in a future report to cover these works. They will have to be tendered in line with Contract Procedure Rulesto follow the corporate cpu's:

- Scooter Stores to all schemes, including access to shelters £200,000
- Shepherd's Court lobby door, renew with automatic £15,000
- Rolston House entrance and lobby door, with automatic £30,000
- Riverside Court entrance and lobby doors, with automatic £30,000
- Shepherds Court redesign parking areas £25,000
- Upgrade lighting to Falkner Court £25,000
- Moat House pathway to Malt House, £20,000
- Riverside pathways for better access for residents £10,000
- Fencing through out the borough £75,000

12. In Annexe 2 the Decent Homes programme is broken down by "ward" and informs members of the number and type of works in each area being carried out.

Conclusion

13. This programme is one of the most important the Council has undertaken in terms of value and quality of tenants homes. Spend is currently £0.9 million behind programme on Decent Homes and £1.1 million on Other Capital Works. The procurement process has been carefully followed and delivered: whilst there was unsatisfactory initial mobilisation by the contractors causing the work programmes to fall behind, procedures are now in place to improve delivery of the programmes. However in some cases, for example the bathrooms, they will not achieve the yearly targets. In the case of the bathrooms it is appropriate to review the specification with tenants.

14. The window and door replacements are being carried out by Dorwins, a local contractor who have the scope to carry out additional numbers of replacement

window and doors to take up the under-spend on our decent homes, bringing forward from 2013/14.

15. The transfer of the installations to Central Heating Services increased the number of heating systems being replaced. They are on target to complete the installs by early December; there is scope to bring forward additional heating installs from 2013/14. See Annexe 1.
16. In (Exempt) Annexe 3 the full Decent Homes programme by address is included and informs members of the properties that will help Waverley achieve its 80% decency by 1st April 2013.

Recommendation

The Executive is asked to

1. note the progress of HRA capital spending in 2012/13;
2. note the latest estimated capital programme to be delivered in 2012/13 will now be £9,433,866, made up of £4,956,500 for Decent Homes, and £4,477,366 for Other Capital Works, leaving £1,625,000 of delayed spend; and
3. agree that officers concentrate on spending the full revised programme totalling £9.4 million, but should opportunities arise which allow for further schemes to be brought forward and delivered in 2012/13, officers report back at future meetings to provide the scheme details.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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