

**REPORT FOR: Tenants', Leaseholders' and Residents' Consultative Forum**

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<b>Date of Meeting:</b>	31 <sup>st</sup> January 2013
<b>Subject:</b>	Consultation on the 2013/14 Housing Capital Programme
<b>Key Decision:</b>	Yes, when considered by Cabinet
<b>Responsible Officer:</b>	Lynne Pennington Divisional Director of Housing
<b>Portfolio Holder:</b>	Councillor Bob Currie, Portfolio Holder for Housing
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes, when considered by Cabinet
<b>Enclosures:</b>	Appendix 1 - Procedure for Prioritising Capital Projects for Assets Other Than Homes

## 1 Section 1 – Summary and Recommendations

This report updates the Tenants', Leaseholders' and Residents' Consultative Forum (TLRCF) on the further consultation undertaken with HFTRA on the 2013/14 Capital programme since the December meeting and seeks approval on the recommendations to be made to Cabinet on building flexibility into the programme and a process to determine how to re-invest any current and future savings.

## Recommendations:

TLRCF is requested to consider the recommendations to be made to Cabinet on building flexibility into the capital programme and a process to determine how to re-invest any current and future savings. The Forum is asked to make recommendations and/or comments to Cabinet.

## Reason: (For recommendation)

To ensure that TLRCF is consulted on the housing capital programme and to enable feedback to be given to Cabinet to assist with the decision making process.

## **2 Section 2 – Report**

### **Consultation on the Housing Capital Programme for 2013/14**

#### **1. Objective of consultation**

- 1.1. As TLRCF members will recall an outline proposal was brought to the December TLRCF to begin consultation on the 2013/14 capital programme. Since then proposals have been further developed and consultation undertaken with Harrow Federation of Tenant and Resident Associations HFTRA.
- 1.2. This report is being brought to TLRCF to both update members on the progress made and seek approval on the recommendations to be put to February Cabinet to both build flexibility in to the programme and design a process to enable prompt re-investment of any savings from procurement of next year's programme.

#### **2. Draft Capital Programme 2013/14**

- 2.1 The table below shows the draft capital programme for 2013/14, and where appropriate the number of homes likely to benefit from each element of the programme.
- 2.2 Most of the descriptions should be self-explanatory, but those that are not so clear are marked with an \* on the table below and explained here.
  - Capitalised salaries-this is the money that is spent on the proportion of staff salaries that directly relates to capital works
  - Major voids – this is for any work done in voids (empty properties) that can be coded to capital. This will include fitting a new bathroom, or a new boiler where it has to be done before the tenant moves in.

- Health and Safety-this is for specific projects such as road resurfacing on housing land and issues arising from our Health and Safety inspections that are capital works
- Enveloping-works to the outside of a house or block of flats-likely to include windows, doors, roofs, soffits, weather boards etc.
- Structural issues – this is for structural issues affecting homes that require major works such as underpinning of properties.
- Garages. This is money set aside to respond to the outcomes of the garage strategy project work. We anticipate decisions being made on which garages to keep, and bring back in to use in the next couple of months-but what we do not know yet is the cost of these works or whether it will be capital or revenue money needed to repair or improve those garages.
- Capitalisation Responsive Repairs-this is for any works done under the responsive repairs budget that can be charged to capital. This might be an urgent boiler replacement or other improvement to the home that cannot wait for the programmed works.
- Develop Wider Housing Initiatives Pot - This is a sum of money to contribute to the various initiatives being explored to increase the number of homes available for those in housing need. How this will be spent will become clearer over time as the project to review investment opportunities to increase affordable housing in Harrow makes recommendations

Description	13/14	Units
Capitalised Salaries	£317,000	*
Major Voids	£76,870	*
Kitchen and Bathrooms	£1,542,000	370
Programmed	0	382
Allowance for referrals	0	60
Health and Safety	£200,000	3 schemes plus ad hoc works
Heating	£871,230	275
Programmed	0	200
Ad-hoc / Other spec capitalised	0	70
Enveloping	£1,523,660	400
Enveloping Francis Road	£1,000,000	78
Door Entry upgrade/renewal	£512,500	52
Lifts	£207,500	1 scheme
Sheltered Warden Voids	£51,250	*
Structural Issues	£256,250	*
Garages	£61,500	*
Aids and Adaptations	£615,000	*
Capitalisation Responsive Repairs	£142,500	*
Develop Wider Housing Initiatives Pot	£256,240	*
<b>Total</b>	<b>£7,633,500</b>	

- 2.3 Details of the streets and number of homes in each one, to be included on the programme can be released once Cabinet have agreed the draft programme.
- 2.4 It is also worth mentioning that some works to improve the energy efficiency of homes are likely to be carried out in 2013/14 (as they have been in the current year) but as these are funded by external grant money, rather than from the HRA, this work does not show on the programme.
- 2.5 In addition to the programme as detailed there is likely to be an underspend from the 2012/13 programme that can be carried forward to next year. This will be for a combination of the following reasons:
- a) That some projects have slipped as it has not been possible to complete them in the current year. These projects will now be carried out in 2013/14 so any underspend from these projects in 2012/13 will just be carried forward and added in to the programme to be spent in 2013/14
  - b) That the element of the programme was completed, but actually cost less money than had been anticipated when the programme was agreed. This means we achieved a saving and that saving can now be re-invested in something else.
- 2.6 At the moment the underspend from 2012/13 is expected to be approximately £800k, with about 50% of it savings we can re-invest (the remaining 50% will be carried forward for projects slipped from this years programme). Although that figure could change before the end of March this potentially gives us £400k, in addition to what is on the table above to spend next year on the capital programme.
- 2.7 This would be subject to there being adequate resources to finance the capital programme in 2013-14 and subsequent years.

### **3.0 Process to re-invest procurement savings, either carried forward from 2012/13 or made in 2013/14**

- 3.1 It is proposed that Cabinet be asked if some flexibility can be built into how we spend the money in the programme for the following reasons:
- There may be an urgent need for capital investment arising during the course of the year that may cause us to change priorities. This could be some urgent works to properties or estates that we are not yet aware of, or responding to an emergency like a fire or flood. Cabinet will be asked to agree that an amount of “contingency funding” is set aside in case it is needed, which will enable the service to respond to any emergencies more quickly. The proposal is that an amount of £250,000 is set aside for this from the savings likely to be brought forward from 2012/13 (expected to be about £400k) to fund this new element of the programme.
  - If more savings are brought forward than needed for the contingency fund, the proposal is that this is invested in doing more improvements to homes such

as kitchens & bathrooms, heating upgrades etc. than detailed on the programme. We would bring forward items on the draft 2014/15 programme to 2013/14 to spend this money.

- In addition to bringing forward savings from this year, we may continue to be able to procure some of the elements of the programme at a lower cost than anticipated in 2013/14 too. This would generate some more savings to be re-invested and it is proposed to ask Cabinet to authorise spending this money as it becomes available, with the Portfolio Holder's agreement, without having to go back to Cabinet for permission. This will enable quicker responses where we achieve savings and provide a better opportunity to spend all the money in the 2013/14 year, and of course for tenants and leaseholders to see the council keep its promises to undertake improvements to their homes and estates.

3.2 It is therefore proposed to ask Cabinet to give delegated authority to the Housing Portfolio Holder to make decisions on re-investing those savings, provided expenditure remains within the overall capital expenditure envelope approved by Cabinet, without having to go back to Cabinet for the decision to be made. To ensure that this is done fairly, and to build in consultation with tenants and leaseholders the proposal to determine how we might re-invest any money that becomes available during 2013/14 is as follows:

- Where the money is available because there is an element of the programme that cannot be delivered i.e. because of a change of policy or because works are either no longer needed, have to be funded from revenue rather than capital (this could apply to garages and some health and safety works) or are not as extensive as originally thought we bring forward additional improvement works to homes from the 2014/15 programme. This would mean completing more kitchens & bathrooms, heating systems or doors and windows than originally planned and that some tenants will see improvements to their homes more quickly than anticipated.
- If we set aside some money for the contingency fund and it is not all needed we would also re-invest that money in more kitchens & bathrooms, heating systems, doors and windows etc.
- However where the money is available because we have been able to complete the works for less money than we anticipated we would use this money to carry out works that might not otherwise have been included on the programme for some years. Examples might be an improvement to a communal area, the external environment or a new initiative that would improve the quality of life for tenants and leaseholders living in that area such as developing scooter stores in sheltered housing. Priority could be given to ideas where the improvements could resolve a management problem or reduce on-going costs. If this proposal was agreed in principle we would develop a system for identifying and prioritising this type of project that included consultation with tenants and leaseholders. A suggested process is included at appendix 1

3.3 Another factor to be considered is the level of debt held by the HRA as the Council is unable to borrow any additional funds to finance the HRA capital programme. Because of this, the opportunity to use any uncommitted resources to repay debt more quickly than currently planned should be kept

under review. It is proposed that this is reconsidered closer to the start of the financial year 2014/15.

- 3.4 One reason for not making a decision on this for another year is that the work to determine how we might invest some resources in responding to the Housing Changes agenda is not yet completed. Another is that 2012/13 is the first year that the new Asset Management structure has been operating and procuring the works competitively so it is difficult to predict how much might be saved next year. As these issues may be clearer in a year's time – it seems sensible to postpone making a decision about additional repayment of debt until then.

#### 4.0 Consultation with HFTRA

- 4.1 All the proposals in this report have been discussed and developed in discussion with HFTRA. In particular HFTRA were asked the following questions and their feedback is included below:

Question	HFTRA view
Have we got the balance right between the elements on the capital programme?	In the main HFTRA supported the balance. Some concern was expressed that the provision for structural works may be inadequate but officers explained this amount was for works already identified as needing to be done in 2013/14. Should other urgent matters arise they would be assessed and added to the programme as required.
How should we spend savings from the 2012/13 programme?	HFTRA supported the proposal to invest any savings in both bringing forward improvement works to homes in to the 2013/14 programme <b>and</b> developing a new scheme to progress new ideas and initiatives, as long as tenants and leaseholders were fully involved in both identifying possible schemes and prioritising them. However where decisions are to be made as to which improvements to homes should be brought forward
How should we re-invest any additional savings we make in 2013/14	HFTRA supported the proposal to invest any savings made in 2013/14 in both bringing forward improvement works to homes in to the 2013/14 programme and developing a new scheme to progress new ideas and initiatives, as long as tenants and leaseholders were fully involved in

	both identifying possible schemes and prioritising them. In particular HFTRA would like to see some capital investment in Community Halls
How much should we ask Cabinet to set aside for the contingency element?	HFTRA felt that the officer proposal of £250,000 being set aside for contingency seemed about right.
If we decide to invest future savings in new projects and initiatives what system should we develop to identify and prioritise projects and new initiatives to spend these savings on? How should tenants and leaseholders be involved?	The proposal at appendix 1 has been reviewed to take on board HFTRA's comments-which were predominantly to ensure that adequate consultation with tenants, leaseholders and other residents on possible schemes took place locally, and that once feasibilities were completed HFTRA were consulted on priorities.
Should we consider setting aside some savings for repayment of debt in 2013/14 or wait to make a decision on this until we are discussing the 2014/15 programme when anticipated savings, and our plans to invest in new initiatives (i.e. the Housing Changes work) might be clearer	HFTRA were very clear that the priority for investment should be to invest in the improvements to the housing stock and other housing owned assets, rather than to set aside a proportion of the savings for faster repayment of debt

## **Section 5 - Financial Implications**

Any financial issues are contained within the body of the report.

## **Section 6 - Equalities Implications**

There are no equalities implications associated with this report as the identification of priorities for the Housing Capital Programme is determined by the need. No Equality Impact Assessments have been carried out.

## **Section 7– Corporate Priorities**

All of the above contribute to the corporate priorities, in particular:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

Name: Debbie Edwards

on behalf of the  
Chief Financial Officer

Date: 23 January 2013

Name: Paresh Mehta

on behalf of the  
Monitoring Officer

Date: 23 January 2013

## **Section 8 - Contact Details and Background Papers**

Contact:

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Background Papers: None



## **Appendix 1**

### **Procedure for prioritising Capital Projects for Assets other than homes**

The Housing Capital programme is, quite rightly predominantly targeted to maintaining our homes. However from time to time there are ideas generated where capital expenditure could help resolve a management problem, reduce spend on responsive repairs in communal areas, generate income and/or improve the areas surrounding homes and therefore tenants' quality of life.

We are working towards a longer term investment plan, linked to the Asset Management Strategy and the HRA business plan where we will identify and programme major works to homes several years in advance.

However as yet there is no clear and priced forward plan in terms of capital works to assets owned in the HRA that are not homes. This includes community centres, garages & car parks, and communal areas in sheltered schemes. It could also apply to improvements to open spaces on housing estates and perhaps an invest to save project such as renewing flooring in communal areas of blocks of flats so that they are easier, and more cost effective to clean.

Many of the ideas for improvements to assets that are not homes are generated in Resident Services through Estate Inspections, enquiries from Councillors or tenants and leaseholders or from work done in focus groups such as the Estates Services Steering Group. In one example listed below the idea came from a tenant's letter published in Homing In. However ideas could also be generated in Partnerships and Strategy or in Asset Management.

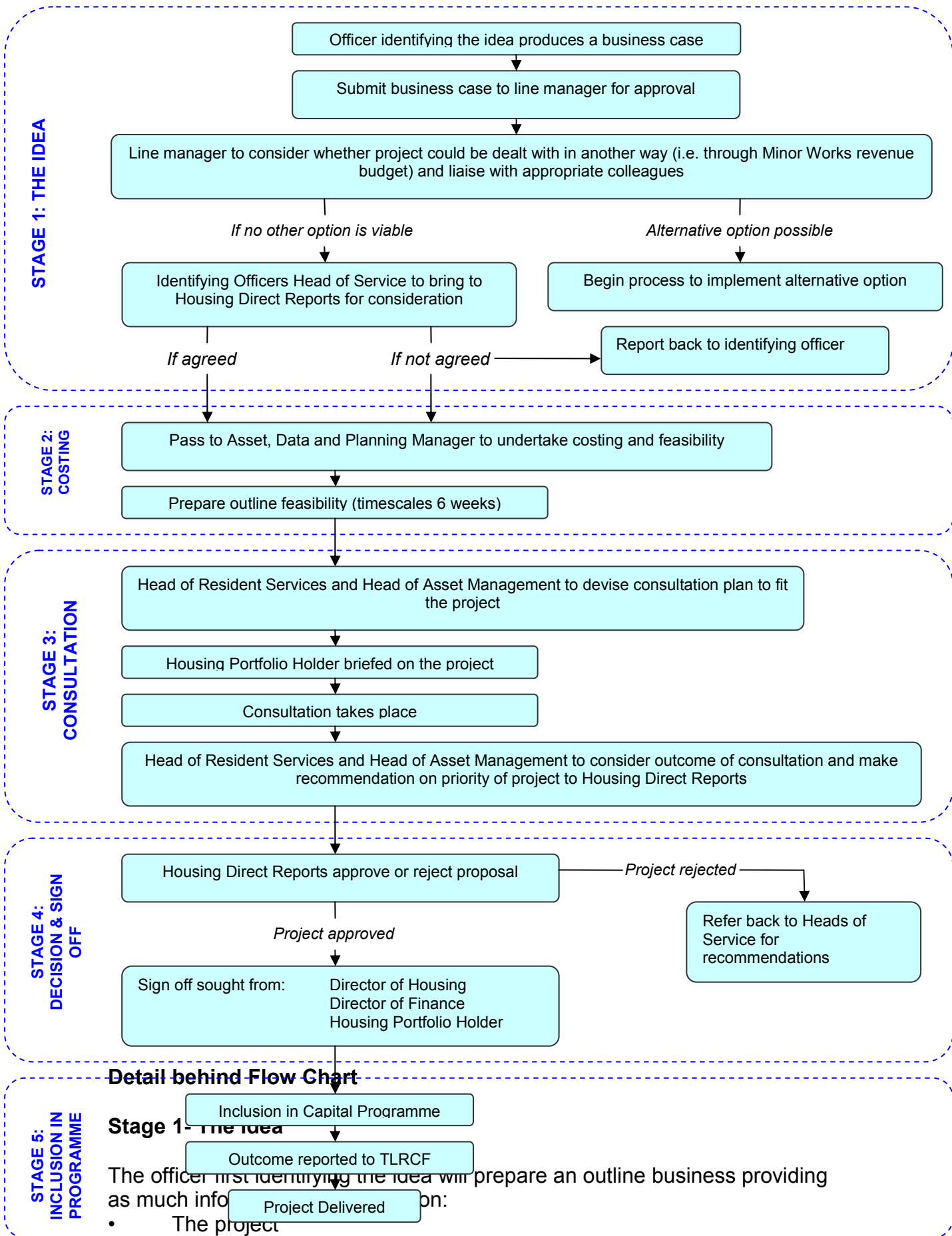
Currently there is no procedure for costing such proposals, evaluating their benefit to tenants and leaseholders and deciding whether they should be included on future capital programmes-and if so how urgent they are.

A number of examples have come up recently. These range from:

- Repairing underground car park in Churchill Place
- Installing scooter stores in sheltered housing
- Relocating a bin store that is a magnet for ASB (request from the police)
- Changing a steep slope that is the only access for tenants to access bin collection in to staggered steps
- Improvements to Community Centres i.e, roof repairs, replacement windows and upgrading facilities such as kitchens and toilets.

This procedure proposes a process to be adopted to turn ideas into actual projects, and then approve and prioritise them

A flow chart is included below-with more detailed explanations of each stage following on.



- Where the idea came from- i.e. tenants, Councillors, the police etc
- What support there is for the project-i.e. tenant & leaseholders
- What business reasons there are for the project-i.e. income generation and/or savings, H&S, management reasons etc
- A recommendation-in terms of priority etc

Photo's and site plans should be included in the business case where possible

Once a draft business case has been written the originator should take the business case through their line management for comments and approval. Consideration should be given to whether the idea could be dealt with in any other way-i.e. through the minor estates Improvement budget.

If it is agreed to put the business case forward to be considered as part of the capital programme it should be signed off at this stage at Direct Report level- by the originator's Head of Service, as being put forward for basic costing and feasibility

### **Stage 2- Estimating costs and outline feasibility**

The business case is then referred to the Asset, Data and Planning Manager in Asset Management who will identify the appropriate officer to work up an outline feasibility with estimated costs. This is likely to be the Stock Condition Surveyor, supported by the Data Quality Officer.

Estimated costs and any additional information about the practicality of the project, or options in terms of meeting the need expressed in the business case are then recorded on the business case and signed off by the Asset, Data and Planning Manager.

The timescale for this stage is 6 weeks.

### **Stage 3 - Consultation**

The updated business case is then referred to the Head of Resident Services and Head of Asset Management who will then meet to review the proposal. These officers will decide:

- If the project has merit
- If it is Value for Money
- If it should be put forward for inclusion in the Capital Programme, or whether it can be taken forward in another way (i.e. through revenue budgets)

At this stage the project may be rejected and where this is the case the Head of Asset Management and Head of Resident Services will make that decision and notify the officer generating the idea. Alternatively if they want the project to go forward they will move to consultation.

Before consulting tenants and leaseholders the Housing Portfolio Holder will be briefed on the proposal being considered.

The Head of Resident Services and the Head of Asset Management will decide which tenant and leaseholder group it is most appropriate to consult, depending on the nature of the project. For example the scooter store project would go to HSRA, ideas for savings or income generation would go to the VFM group. Other projects may go to Estates Services Steering Group or need a specially co-ordinated group. The Resident Involvement Team will assist with facilitating and/or supporting the consultation as appropriate

As a final stage HFTRA will be consulted on projects, at regular intervals

The outcome of that consultation will be included in the business case.

### **Decision and Sign Off**

Where agreement is reached that this is a suitable project for the Capital Programme, and this is supported by tenant and leaseholder consultation the completed proposal will be referred to Direct Reports for recommendation and prioritisation.

Sign off process to include:

Director of Housing

Director of Finance

The final stage is for sign off by the Housing Portfolio Holder

Outcome will be reported to TLRCF

Inclusion in Capital Programme

Once signed off the final proposal with recommendation, sign off and prioritisation is referred back to the Asset, Data and Planning Manager for inclusion in the appropriate years capital programme.

A full feasibility and costing exercise will then be undertaken by the designated project surveyor so that costs and timescales are identified and the project can be started.