

**Report of Director of Environment and Housing**

**Report to Housing Advisory Board**

**Date: 28<sup>th</sup> January 2014**

**Subject: Housing Leeds Capital Programme 2014/15**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. This report and accompanying Appendix sets out the detail of the proposed Housing Leeds HRA (Housing Revenue Account) Capital Programme 2014/15.
2. The programme has been based on the priorities agreed by Executive Board on 6 November 2013.
3. The Board is being asked to consider the detail in the report and endorse the proposed capital programme for approval by Executive Board in February 2014.
4. The Board is also being asked to consider revisions to the Leeds Council House Standard and in particular to consider the need to address thermal efficiency requirements.

**Recommendations**

5. The Housing Advisory Board is recommended to consider the detail in the report and Appendix and endorse the proposed Housing Leeds HRA Capital Programme 2014/15 for approval by the Executive Board in February 2014.
6. The Board is also asked to consider revisions to the Leeds Decent Homes Standard and in particular to give thermal efficiency requirements greater prominence.

## **1 Purpose of this report**

- 1.1 The purpose of the report is to present details of the proposed Housing Leeds HRA Capital Programme 2014/15, and ask the Board to endorse the Programme for approval by Executive Board in February 2014.
- 1.2 The Board is also being invited to consider the need for revisions to the Leeds Decent Homes Standard and in particular to take account of the need to address energy efficiency requirements.

## **2 Background information**

- 2.1 Through the work of the ALMOs over the last decade the Council has brought almost all of its housing stock up to the Decent Homes Standard devised by central Government. Whilst this addressed some major component provision and replacement (principally roof, wiring, heating, windows and doors, kitchens and bathrooms) it did not cover structural and thermal efficiency works. Next year's programme sees some shift in order to address the latter issues but in the main it focuses on maintaining the Decent Homes Standard at 96% as previously agreed by the Council.
- 2.2 Executive Board on 6<sup>th</sup> November 2013 agreed a new approach to setting the HRA Capital Programme for 2014/15 using the four priorities of: existing commitments, legal/regulatory requirements, strategic priorities (essential investment) and strategic priorities (sustainable investment). This approach forms the basis for the programme outlined in the Appendix to this report.

## **3 Main issues**

- 3.1 Since the Shadow Housing Advisory Board received the last report on the proposed Capital Programme for next year, some changes have been made:
- 3.2 Some initial budget reductions have been re-instated where required e.g.
  - Malverns and Waverleys +£182.5k;
  - Farrar Lane remodelling +£230k (over 2 years);
  - Adaptations +£450k;
  - CCTV – West North West +£700k;
  - Highways Multi storey flats +£1,000k
- 3.3 Some schemes have had budgets increased as more details have come to light regarding potential budget requirements, e.g.:
  - Clydes District Heating scheme +£800k - the final figure will depend on specification and ability to lever in supporting funding – ECO (Energy Companies' Obligation) and RHI (Renewable Heat Incentive);

- Random re-wires – West North West +£1,000k (to cover £1,000k of existing referrals from West North West – may be delivery difficulties);
- Random Window and Doors +£150k (to cover £128k of existing referrals from West North West);
- Kitchen and Bathroom referrals +£2,500k (to cover £867k of existing referrals from West North West plus referrals arising from voids etc.). This was originally shown as being funded from overall £8,500k for kitchens and bathrooms but the majority of this looks to be needed on actual schemes (subject to surveys);
- Asbestos removals related to the two bullets above +£265k;
- East End Park/Nevilles Highways Works +£131k.

3.4 Area Panel budgets increased in line with proposals to strengthen roles +£275k.

3.5 Some new schemes have been added that have come to light since the initial proposals were developed, e.g.:

- Roker estate single glazing and partial central heating upgrades +£131k;
- Remaining 76 properties with both single glazing and partial central heating +£438.5k;
- Bawn CPO (Compulsory Purchase Order) and demolition of arson-damaged properties +£130k;
- Wimpey H Block upper floor panel remedials +£1,500k (discovered through surveys – one panel fell off this year);
- Other multi-storey flats structural repairs identified via surveys +£1,500k (the amount required could be around £3m per annum for the next five years if all blocks are of similar condition to those surveyed)
- Electrical heating replacements +£250k (this was not covered by the £7.2m allocated for boiler replacements).

### **3.6 Future Investment Need**

3.6.1 Post Decency, it has been identified that major investment is needed to particular types of properties that have structural or thermal efficiency issues. The Council owns and managed 115 multi-storey blocks, 3647 low/medium rise flat blocks, 5228 non-traditional build homes (PRC and System Build properties) and 1596 back to back properties (including properties in the PFI (Private Finance Initiative areas). These 'hard to treat' properties have had Decent Homes Standard investment but there remains some fundamental issues with the structures that have not been fully addressed. The multi-storey blocks in particular have major investment needs related to their communal components such as lifts, electrical supply and emergency services.

- 3.6.2 In addition, achieving the Decent Homes Standard on traditional properties has not always addressed some of the 'liveability' issues that are present. As an example, the Council has many properties that only have 'partial' central heating. This usually comprises heating to the 'living' rooms but not the bedrooms and this type of system was installed through previous Government funding schemes. Whilst it meets the Decent Homes Standard as controllable heating is provided to two or more rooms, it is inefficient. The City also has a lot of properties that have upvc single glazed windows installed, mainly in the 1970s before double glazing became the norm. Whilst these windows also meet the Decent Homes Standard, their combination with partial heating almost always results in issues with condensation and black mould in unheated rooms.
- 3.6.3 The Council's back to back properties were all built before 1919, mainly with solid brick wall construction (no or minimal cavity) and a slate roof under which the roof space has usually been converted into a dormer bedroom. The thermal efficiency of these properties is usually poor, although only usually to the front elevation and roof. With generally small room sizes in this type of property, any insulation internally can reduce liveable space quite substantially unless existing finishes are removed. The insulation work required is disruptive and practically only possible when a property is unoccupied.

### **3.7 Towards a Leeds Housing Standard**

- 3.7.1 At the end of the Decent Homes programme, over 96% of the Council's housing stock met the Standard. Nationally the position was that Councils were deemed to have met the Standard if more than 90% of their stock complied with the requirements. For the future, we undertake an annual assessment over a five-year time frame of the components that will need to be checked to ensure that they continue to meet the Standard. Those components that are confirmed through surveys to have failed have been programmed in for 2014/15.
- 3.7.2 For 2015/16, the intention is to make revisions to the Standard as it is applied to Leeds homes to give thermal efficiency more prominence. With increasing fuel prices which will result in increased fuel poverty, it is considered that thermal efficiency should become the number one consideration for future investment of the stock. It is proposed that the following measures are adopted:
- All properties that have a cavity wall or hollow block construction will have the cavity or hollow filled with insulation. This will include multi-storey flats and non-traditional properties where possible;
  - Energy company funding will be accessed to provide external insulation on non-traditional housing with any structural work being undertaken as part of the process (both multi-storey flat blocks and family houses);
  - All partial central heating systems will be upgraded to full heating. With gas systems this will be achieved by adding radiators and (if necessary) upgrading boilers. With electric systems (mainly in multi-storey flats), alternative solutions such as District Heating will be considered;

- All single glazed windows will be upgraded to double glazing, either through replacement glazing/beading where possible or primarily by full replacement with more units;
- Back to back properties will be provided with internal thermal boarding and upgraded roof insulation when they become void;
- The boiler upgrade programme will continue until all of the less reliable units have been replaced.

3.7.3 In addition to the above thermal efficiency factors, the former Decent Homes Standard component failure test will still be applied but with a lower target applied of 90% of the stock being at the Standard.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 The 2014/15 draft Capital Programme has been developed in accordance with the priorities identified in the HRA Business Plan approved by Executive Board in February 2012, and the HRA Business Plan update to Executive Board in February 2013 and this involved extensive engagement of officers from a number of service areas across Housing Leeds to identify particular areas of investment need and then to prioritise the schemes. The draft Capital Programme has also been considered by the Shadow Housing Advisory Board. The draft Capital Programme is due to be considered by Executive Board in February 2014 and the purpose of this report is to seek the views of the Housing Advisory Board.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 An Equality, Diversity, Cohesion and Integration screening has already been carried out to support previous Executive Board decisions, and this confirmed that a full Equality Impact Assessment was not required.

### **4.3 Council policies and City Priorities**

4.3.1 The Housing Leeds Capital Programme supports the following City Priorities:

- Increasing the number of properties with energy efficiency measures
- Increase the number of properties to achieve and maintain the Decency Standard
- Increase the number of long-term empty properties brought back into use
- Reduce carbon emissions
- Reduce the overall crime rate
- Reduce the rate of admissions to hospital/residential care

4.3.2 The Capital Programme also contributes to two of the six Best Council objectives 2013 – 17

- Ensuring High Quality Public Services
- Becoming an Efficient and Enterprising Council

#### **4.4 Resources and value for money**

4.4.1 The draft Capital Programme is managed through effective programme and contract management. A Planned Maintenance Category Management Plan is currently underway which will deliver efficiencies through clear work specifications and improved business processes. This will then inform the future procurement of contractors to deliver investment programmes as efficiently as possible.

4.4.2 Work is also being done with the Sustainable Development Unit to maximise opportunities to access Green Deal/ECO funding to support investment to improve energy efficiency of non-traditional Council House stock. This in turn will reduce levels of HRA resources required to deliver such energy efficiency improvements to stock.

#### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 The draft Capital Programme has been developed to take account of contractor liabilities to contractors used to deliver capital investment. It has also been developed to ensure that the directly employed workforce within the internal contractor are fully productive.

#### **4.6 Risk Management**

4.6.1 The draft Capital Programme is based on the four priorities agreed by Executive Board and reflects a risk management approach. For example, priority has been given to the need to meet legislative or regulatory requirements in full, except where efficiencies can be made, and other schemes have been prioritised to address any potential health and safety risks to tenants, or where failure to invest would jeopardise the HRA e.g. capitalisation of voids.

4.6.2 On-going risk management will take place as part of investment programme delivery procedures.

### **5 Conclusions**

5.1 The proposed Leeds HRA Capital Programme 2014/15 as set out in the Appendix follows the four priorities approved by Executive Board in November 2013. The report also outlines the need to revise the Leeds Decent Homes Standard, particularly in relation to thermal efficiency requirements.

### **6 Recommendations**

6.1 The Housing Advisory Board is recommended to consider the detail in the report and Appendix and endorse the proposed Housing Leeds HRA Capital Programme 2014/15 for approval by the Executive Board in February 2014.

6.2 The Board is also asked to consider revisions to the Leeds Decent Homes Standard, particularly the need to give thermal efficiency requirements greater prominence.

## **7 Background documents<sup>1</sup>**

7.1 Appendix: Proposed Capital Programme 2014/15 spreadsheet

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.