

**FINANCIAL REPORT ON THE DECENT HOMES CAPITAL
PROGRAMME AND HOUSING ROOFING REPAIRS (REVENUE)
ACCOUNT**

(Report of the Director of Housing, Leisure and Customer Services)

1. Summary of Proposals

- 1) To report on the actual expenditure for the Decent Homes Programme Year 2 (2008/9) and provide details of the budget and schedule of works for Year 3 (2009/10), Year 4 (2010/11) and Year 5 (2011/12).
- 2) To request a reallocation of £200,000 funding from the Decent Homes budget to commence a programme of essential roofing replacement works.
- 3) To request additional revenue funding of £50,000 be granted for roofing repairs.

2. Recommendations

The Committee is asked to RECOMMEND that

- 1) **approval be given for the reallocation of £200,000 funding from the Decent Homes capital budget to commence a programme of essential roof replacements;**
- 2) **£50,000 additional revenue funding for roofing repairs be approved from the HRA reserve for this year 2009/10 and 2010/11; and**
to RESOLVE that, if approved,
- 3) **approval be given to incur up to the expenditure detailed in 1) above, in accordance with Standing Order 41; and**
- 4) **subject to any comments, the contents of the report relating to budget spend for Year 2 of the programme (2008/9) and budget and programme of works for 2009/10, 2010/11 and 2011/12 be noted.**

3. **Financial, Legal, Policy, Risk and Sustainability Implications**

Financial

- 3.1 The capital investment required to undertake the Decent Homes Programme Phase 2 (2007–2012) was approved by Full Council on 7 August 2006. Additional funding was requested following discrepancies identified in the original capital bid and this was agreed at Full Council on 9 March 2009.
- 3.2 In light of the economic downturn and reductions in the cost of some materials in the supply chain, negotiations have been held with the contractors carrying out the Decent Homes works, SPI and FHM, and savings of £200,000 a year have been identified and agreed for the next three years. A reallocation of these savings is requested to carry out essential roofing replacement works.
- 3.3 Due to the high volume of roofing repairs required last year, the roofing revenue budget was overspent. In order to accommodate the ongoing repairs this year and next, additional funding of £50,000 is requested to supplement the £150,000 already allocated. This additional requirement will be reviewed once the Government's Council Housing Finance for 2011 onwards has been determined.

Legal

- 3.4 The Council has a duty to carry out repairs, maintenance and renewals to its housing stock, as deemed necessary under the Landlord and Tenants Act 1985 and the Housing Act 1985.
- 3.5 The Council as a Social Landlord has a duty to ensure that all of its properties meet the Decent Homes Standard by 2010.

Policy

- 3.6 The second Five Year Housing Capital Programme (2007-12) was approved by Full Council on 7 August 2006.
- 3.7 Standing Order 46 covers the relevant aspects of tendering and procurement policy.

Risk

- 3.8 The risk of not proceeding with continued capital investment is that the Council's housing stock will fall into non-decency and therefore not meet Central Government's targets for the condition and standards required.

- 3.9 The risk of not carrying out essential roofing repairs could contravene our responsibilities under the Landlord and Tenants Act and could put at risk the safety of Council tenants.

Sustainability / Environmental

- 3.10 By replacing damaged and patch repaired roofs with high quality environmentally friendly roofing materials, we are working towards improving the environment and the sustainability of the Council properties. All of our contractors have an environmental policy and use environmentally friendly materials wherever possible.

Report

4. Background

- 4.1 Following completion of the first Five Year Decent Homes Capital Programme (2001 -2006), the second five year programme (2007-12) started in August 2007. Once the contract commenced a budget deficit was identified and additional funding of £3.34 million was required. The additional funding was agreed at Full Council on 9 March 2009 and the programme of works for Years 2 (2008/9), 3 (2009/10), 4 (2010/11) and 5 (2011/12) were revised accordingly.
- 4.2 The roofing repairs revenue budget was overspent last year due to the high level of roofing repairs required. Investigations into the nature of the repairs reported demonstrates that, in the Woodrow area, a large number of roofs can no longer be sustained by continual patch repairs and are in need of replacement. A roofing report is attached at Appendix 3.

5. Key Issues

- 5.1 A small proportion of the decent homes works due to be carried out in Year 2 (2008/9) were not completed. These works and associated budgets have been carried forward into Year 3 (2009/10). These carry over figures are as reported in the Capital Outturn Programme 2008/9 report to the Executive Committee on 10 June 2009. The total carry over figure for Year 2 is £422,427.
- 5.2 The Contractors carrying out the works have taken on additional staff to deal with the carry over of Year 2 projects and the increased Year 3 projects and have advised that all works should be completed by the end of Year 3. The budget spend for Year 2 including carryover effect on Year 3 is attached at Appendix 1 and the programme of works and spend for years 3, 4 and 5 is at Appendix 2.

- 5.3 Due to the current economic climate, negotiations were held with all of the Decent Homes Contractors asking them to identify price reductions against the existing contract figures, as costs in the building trade have fallen. Savings of £200,000 a year have been identified for the next three years.
- 5.4 Due to the poor condition of roofs to Council homes in some areas, there is an urgent need to draw up a roofing replacement programme to tackle this problem. It is proposed to use the savings arising from the Decent Homes Works to fund this programme. A reallocation of £200,000 is requested for the next three years. However, as works will not commence until November of this year, there may be a carryover of some of this years budget into the next year (2010/11).
- 5.5 It is essential that we address those “hot spot” areas where there are known roofing problems and a roofing replacement programme will ensure, that as part of our repairing obligations as Landlord, we ensure that all roofs to Council homes are wind and watertight; failure to do so may result in Court action being taken against us. A Surveyor has already started to identify both groups of properties and “one offs” that need immediate roof replacements and he will draw up a programme which will incorporate these. The Surveyor will continue a programme of external roofing inspections and the programme will be updated accordingly.
- 5.6 The roofing replacement programme will initially address only a small proportion of the properties requiring new roofs, therefore the Council will continue to receive a significant number of requests for roofing repairs. Based on the information from the previous two years, there is a need for additional revenue funding of £50,000 for the next two years. A further review of the budget will be carried out for 2011/12 and beyond based on the outcome of the Housing Revenue Account Subsidy consultation paper.

Table of Funding (Reallocation) Requirements - Capital

| | Decent Homes (DH) Budget | **Current roofing allocation of total DH budget | Savings (arising from reductions in costs from Decent Homes Contractors) | Additional Funding Required for Roofing Replacement Programme | Costs |
|---------|--------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------|-------|
| 2009/10 | £7,758,024 (inc carry over from Year 2) | £106,000 | £200,000 | £200,000 | Nil |
| 2010/11 | £6,402,902 | £110,240 | £200,000 | £200,000 | Nil |
| 2011/12 | £5,630,279 | £114,649 | £200,000 | £200,000 | Nil |

** Please note there will be a need to use the existing capital roofing budget for one off roof/guttering/fascia replacements across the Borough so this will not be used for the roofing replacement project works proposed at Appendix 3.

Table of Funding Requirements – Revenue

| | Roofing revenue budget allocation | Required budget | Cost Implication |
|---------|-----------------------------------|-----------------|------------------|
| 2009/10 | £150,000 | £200,000 | £50,000 |
| 2010/11 | £150,000 | £200,000 | £50,000 |
| 2011/12 | £150,000 | To be reviewed | |

6. Other Implications

Asset Management - None directly.

Community Safety - None directly.

Human Resources - None directly.

Social Exclusion - None directly.

7. Lessons Learnt

As part of the lessons learned, it was agreed at Full Council on 9 March 2009 that annually a report would be presented to the Executive Committee detailing the closedown spend of the previous year and the financial position of the Capital programme.

8. Background Papers

The 5 year Housing Capital Programme 2007 -12 approved by Full Council August 2006;

The reallocation of funds and increase in Capital budget to support the completion of the existing 5 year programme – approved by Full Council March 2009.

9. Consultation

This report has been prepared in consultation with relevant Borough Council Officers.

10. Author of Report

The author of this report is Pam Wilkins, Repairs, Capital and Care and Repair Manager who can be contacted on extension 3896 (e-mail:pam.wilkins@redditchbc.gov.uk) for more information.

11. Appendices

Appendix 1 – Decent Homes Capital Programme spend for Year 2 (2008/09).

Appendix 2 - Decent Homes Capital Programme of Works and Budgets Year 3 (2009/10).

Appendix 3 – Roofing Report.