

## HOUSING COMMITTEE

12 JUNE 2018

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<b>Report Title</b>	<b>CAPITAL PROJECT MONITORING</b>
<b>Purpose of Report</b>	To inform the Committee of progress on capital projects within its remit.  A - Tenant Services Capital Programme B – New Homes and Regeneration Programme C - Disabled Facilities Grants D - Sheltered Housing Modernisation Project Update E - Support to Social Housing Providers Capital Programme
<b>Decisions</b>	<b>Item B –</b> That Committee RESOLVES to authorise the Head of Property Services, in consultation with the Section 151 Officer and Chair of Housing Committee, to sign the Homes England grant funding agreement(s) and submit bids for its 2016-21 Shared Ownership and Affordable Homes Programme, to maximise grant funding for the delivery of new homes for schemes with budget already allocated within the Housing Revenue Accounts medium term financial plan.
<b>Consultation and Feedback</b>	Budget setting has previously been agreed at Council. Progress has been discussed with the Tenant Reps for Housing Committee.
<b>Financial Implications and Risk Assessment</b>	<b>Item A –</b> The outturn position for Major Works for 2017/18 showed an underspend of £3,160k against the budget of £6,602k. The budget of £6,657k for 2018/19 is also likely to be unreflective of the planned programme and work should be undertaken to establish the budget needed over the medium term to ensure a sustainable and affordable programme of works. This should result in a revised budget for 2018/19 and will be reported to Housing Committee at Budget Setting.  <b>Item B –</b> The ability to bid for Home England funding would allow the most beneficial funding mix to be applied to each new scheme. This would include Right to Buy receipts which would be prioritised, where possible, to limit any repayments to Government.  <b>Items C, D and E –</b> There are no direct financial implications as this report is for information only. Any additional expenditure outside of the agreed budget must be reported separately.  Lucy Clothier, Principal Accountant Tel: 01453 754343

	<p>Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a></p> <p><b>Risk assessment by the report author (Item A)</b>  The capital programme of planned and cyclical maintenance provides relevant information of content and performance in the delivery of works. These are monitored and managed via Key Performance Indicators (KPI's).</p>
<b>Legal Implications</b>	<p>Items A, C, D and E are for information only and there are no legal implications. With regard to Item B, the Head of Property Services will need to ensure that she is satisfied that all terms and conditions being placed upon the Council are appropriate.</p> <p>Mike Wallbank, Solicitor (Ref rc29.5.18;d22.5.18)</p>
<b>Report Author (s)</b>	<p><b>Item A</b> - Joe Gordon, Head of Contract Services  Tel: 01453 754190  Email: <a href="mailto:joe.gordon@stroud.gov.uk">joe.gordon@stroud.gov.uk</a></p> <p><b>Item B</b> - Leonie Lockwood, Business Development Manager  Tel: 01453 754153  Email: <a href="mailto:leonie.lockwood@stroud.gov.uk">leonie.lockwood@stroud.gov.uk</a></p> <p><b>Item C</b> - Jon Beckett, Head of Health and Wellbeing  Tel: 01453 754443  Email: <a href="mailto:jon.beckett@stroud.gov.uk">jon.beckett@stroud.gov.uk</a></p> <p><b>Items D</b> - Kimberley Read, Sheltered Housing Project Manager  Tel: 01453 754175  Email: <a href="mailto:kimberley.read@stroud.gov.uk">kimberley.read@stroud.gov.uk</a></p> <p><b>Items E</b> - Pippa Stroud, Policy Implementation Manager  Tel: 01453 754099  Email: <a href="mailto:pippa.stroud@stroud.gov.uk">pippa.stroud@stroud.gov.uk</a></p>
<b>Options</b>	<p>This report is a standing report for Housing Committee.</p>
<b>Performance Management Follow Up</b>	<p>Update reports are to be supplied to this committee within the timeline of the committee work programme</p>

## 1.0 **Item A - Tenant Services Capital Programme**

### 1.1 **Introduction**

1.1.1 The following report provides an **executive summary** of the Capital Projects within the remit of the Housing Committee. The purpose of this report is to advise Committee on progress and management of the capital projects and allow members to question project managers. This report is the first for financial year 2018/19.

1.1.2 The forth quarter of the 2017-18 programme has been completed and works completed against budget spend are detailed in Table 1.

## 1.2 Budget 2018/19

1.2.1 The capital budget for the year has been set at £6.57million, and as previously reported will be revised in year.

**TABLE 1**

<b>NKS (North of the district)</b>					
<b>Planned works</b>	<b>Delivered to Date</b>	<b>Actual Spend</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>Kitchens</b>	26	150,397	386,250	150,397	(235,853)
<b>Bathrooms</b>	127	294,877	386,250	294,877	(91,373)
<b>External works</b>	72	416,315	850,000	416,315	(433,685)
<b>Disabled adaptations (Both sides of the district)</b> To note the actual spend includes the over statement on the year end creditor	47	42,839	308,000	42,839	(265,161)

<b>Mears (South of the district)</b>					
<b>Planned works</b>	<b>Delivered to Date</b>	<b>Actual Spend</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>Kitchens</b>	64	265,729	386,250	265,729	(120,521)
<b>Bathrooms</b>	72	317,623	386,250	317,623	(68,627)
<b>External works</b>	34	133,901	850,000	133,901	(716,099)

<b>Proframe (Both sides of the district)</b>					
	<b>Delivered to Date</b>	<b>Actual Spend</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>Doors &amp; windows</b>	425	430,199	515,000	430,199	(84,801)

<b>Glevum (Both sides of the district)</b>					
	<b>Delivered to Date</b>	<b>Actual Spend</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>Heating &amp; boiler upgrades</b>	154	759,000	690,000	759,000	69,000

<b>Mitie &amp; Bell (Mixed sides of the district)</b>					
	<b>Delivered to Date</b>	<b>Actual Spend</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
<b>Painting/communal areas</b>	691	418,272	515,000	418,272	(96,728)

## 1.3 Performance

1.3.1 There were no major issues with the transfer of service from Mears to Mi-Space in March 2018. Some minor teething problems have been encountered with IT and processes but nothing more than had been anticipated.

1.3.2 Teams are working together to ensure performance does not fall below the high standards we expect.

## 1.4 **Summary**

1.4.1 While we are happy with initial progress and performance of the contractors for the 2018/19 financial year, we are committed to ensuring our resources deliver maximum value for money to the Council, and are committed to continually improving service and performance to tenants and stakeholders. We will not fall into patterns of complacency and will continually review our processes to ensure we work smarter with our partners and customers.

## 2.0. **Item B – New Homes and Regeneration Programme**

### 2.1 **Introduction/Background**

2.2 Stroud District Council has an objective to deliver 236 homes through its New Homes and Regeneration Programme.

2.3 In addition a budget of £700,000 was approved at Strategy and Resources on the 13 June 2017, with 30% of that budget funded from right to buy receipts, to purchase properties on the open market.

2.4 To date we have completed 228 homes leaving 8 homes to reach the target of 236. Budget remains for a further 19 homes dependent upon build costs for the remaining projects and therefore the target of 236 is currently projected to be exceeded.

### 3.0 **Programme**

3.1 The table below sets out the schemes within the programme.

<b>Scheme</b>	<b>No. replacement units</b>	<b>No. additional Units</b>	<b>Total No. of Units</b>	<b>Status</b>
<b>New Homes Delivered</b>				
Minchinhampton Woolaways	35	0	35	Completed
Top of Town, Stroud -Phase 1	14	8	22	Completed
Leonard Stanley Woolaways	19	32	51	Completed
Top of Town – Phase 2	8	5	13	Completed
The Corriett, Cam	0	6	6	Completed
Fisher’s Road, Berkeley	0	4	4	Completed
Hillside, Coaley	2	2	4	Completed
Top of Town – Phase 3	10	2	12	Completed
Chapel Street, Cam	0	14	14	Completed
Top of Town – Phase 4	3	3	6	Completed
Ex Warden conversions	0	17	17	Completed

Property Purchases:				
Hanover, Dursley	0	18	18	Completed
Littlecombe, Dursley	0	22	22	Completed
RTB receipts	0	4	4	Completed
<b>Sub Total</b>	<b>91</b>	<b>137</b>	<b>228</b>	
<b>Balance of Programme</b>				
The former Ship Inn site , Bridgend	0	9	9	Planning
Southbank, Woodchester	4	1	5	Tender stage
Site to be identified	0	5	5	Design Stage
<b>Sub Total</b>	<b>4</b>	<b>15</b>	<b>19</b>	
<b>Grand Total</b>	<b>95</b>	<b>152</b>	<b>247</b>	

#### **4.0 Balance of Programme**

4.1 The former Ship Inn site is in for planning with a number of issues to be addressed due to the complicated planning history of the site and a number of objections received to our proposals. This will delay the start on site of the scheme.

4.2 For the scheme to develop 5 homes at Southbank Woodchester, agreement has been reached with the contractor to terminate the original contract and the tender process to select a new contractor has now commenced. A figure has been included within our budget for 2018/19 for the scheme.

4.3 Various alternative sites are being progressed to feasibility stage to be considered for the balance of the remaining budget, with budget available in 2018/19.

4.4 It is proposed that the budgets for 2018/19 are reprofiled with some spend falling in 2019/20 due to the current programme timetable for these remaining schemes. A table is included in HRA Capital Monitoring Report detailing the proposed changes.

#### **5.0 Homes England (HE) Grant Funding**

5.1 In June 2014 members approved the Council's bid to the HE (formerly HCA) for grant funding from its 2015-18 Affordable Homes Programme in the sum of £2,785,000 for a number of schemes in the New Homes and Regeneration Programme. This grant came with the requirement to charge an affordable rent on new build homes.

5.2 The majority of this funding has now been drawn down and has made a significant contribution towards the cost of delivering the 228 homes completed to date. The remaining scheme with grant funding is the former Ship Inn site at Bridgend.

5.3 The Council is now eligible for further grant funding towards the delivery of new homes (which have not previously received grant funding) through HE's Shared Ownership and Affordable Homes Programme 2016-21. In order to access this grant funding a new grant agreement would need to be entered into, similar to that entered into previously for the 2015-18 programme.

- 5.4 As a condition of grant funding the HE requires a regular compliance audit to ensure correct administration. The Council has already had a compliance audit for each of the years that it has received funding and so is familiar with this process.
- 5.5 The compliance audit for 2017/18 has recently been received and the Council has been awarded a green rating with no breaches identified.
- 5.6 The Council would also need to charge affordable rents for homes funded through this programme.
- 5.7 HE grant funding cannot be mixed with Right to Buy (RTB) receipts and the latter can only be used to fund rented homes and not shared ownership. It is therefore proposed that RTB receipts are always used in the first instance and additional funding is maximised by bidding to the HE through its 2016-21 programme for grant for those schemes that are not eligible for RTB receipts, such as shared ownership or where the project is replacing, rather than creating, new homes.
- 5.8 The opportunities to bid for new schemes will be limited due to the availability of the balancing capital budget within the MTFP for the HRA as the grant funding only partially funds each new home.
- 5.9 This option for funding will only be available whilst unallocated funds remain in the HE's 2016-21 programme.
- 5.10 It is proposed that, should members approve this approach, a regular update will be provided as part of the capital monitoring report; detailing the level of grant secured from the HE and which schemes it is being used on.
- 5.11 It is therefore recommended that delegated authority is given to the Head of Property Services, in consultation with the Section 151 Officer and Chair of Housing, to sign the Homes England grant funding agreement(s) and submit bids for its 2016-21 Shared Ownership and Affordable Homes Programme to maximise grant funding for the delivery of new homes for schemes with budget already allocated within the HRA's MTFP.

## **6.0. Item C - Disabled Facilities Grants**

- 6.1. The Council has a statutory duty to provide Disabled Facilities Grants (DFG) under the Housing Grants, Construction & Regeneration Act 1996. Funding is provided by Central Government for this purpose through the Better Care Fund (BCF) which is jointly administered by the County Council and Clinical Commissioning Group (CCG).
- 6.2 The DFG is a means tested grant to assist disabled occupants to remain living safely in their own homes by the provision of adaptations such as stairlifts and wet floor showers. The maximum limit for a DFG is £30,000. This is a statutory function and the Council has no discretion as to the use of these funds and no control over demand as referrals must come from the County Council Occupational Therapy Service. There is no waiting list and all applications are dealt with expeditiously.

- 6.3 For 2017/18 a sum of £330,000 has been identified in the BCF for DFG's in the Stroud district and this is considered sufficient to meet demand based on previous expenditure. Any unspent allocation has to be returned to the BCF.

The table below illustrates the numbers of approvals and expenditure since 2015

<b>Year</b>	<b>No. of DFG's Approved</b>	<b>Amount Paid</b>
15/16	27	£269,935
16/17	31	£279,710
17/18 Q1	4	£48,454
17/18 Q2	5	£35,559
17/18 Q3	3	£59,866
17/18 Q4	4	£13,138
<b>17/18 year End</b>	<b>16</b>	<b>£157,017</b>

- 6.4 In addition to the above, a further £8,000 was paid towards the Countywide modular ramping scheme and £23,000 as a Discretionary top up. The total year end spend is therefore £188,017.
- 6.5 The number of referrals received this year were significantly lower than previous years but this was reflected across the County and was largely due to a shortage of staff within the OT service. This has now been addressed and a small back log of enquires with the OT service is now being reduced.
- 6.6 The allocated budget for 2018/19 from the BCF is £330,000 which again even with the expected increase in demand should be sufficient to meet need.

## **7.0 Item D - Sheltered Housing Modernisation Project Update**

### **7.1 Red Schemes**

In line with the approvals sought at Housing Committee in June 2016, good progress has been made on the red schemes. Dryleaze Court is now empty and is currently under offer.

- 7.1.1 Ringfield Close is now empty. The sale of the site is being delayed so that contractors can use the site for parking during the construction of Tanners Piece. The procurement of a contractor to construct the eleven new apartments is underway. During the construction of the site, work will begin to prepare Ringfield Close for sale, when it is no longer required. Officers are continuing to re-house residents from Cambridge House and this is progressing well.
- 7.1.2 Consultation to re-house residents at Glebelands will begin in early 2019 and consideration is currently being given to the options for the scheme at Willow Road in Stonehouse as planned.

### **7.2 Amber Schemes**

Improvement works to Sherborne House have started and are due to complete in September this year.

Officers met with residents at Concord in May to begin the consultation process which will see improvements to the scheme in 2018/19.

The following scheme to be modernised will be George Pearce House in 2019/20.

### 7.3 **Ex-Warden Accommodation**

The ex-warden conversions at George Pearce House, Grange View, Malvern Gardens and Hamfallow Court are complete, providing 8 new flats for sheltered housing accommodation.

- 7.3.1 The ex-warden accommodation at Willow Road has been let to a specialist housing provider and negotiations continue with other specialist housing providers for the remaining two properties at Grove Park Road & Archway Gardens. The negotiations are being managed by the Tenancy Operations Manager.

### 7.4 **Communication**

The fifth issue of the Sheltered Modernisation News was distributed at the end of April. The sixth issue is due to be distributed in July 2018. Due to the sensitive nature of the information, Members requiring information on re-housing and numbers of voids are asked to contact officers direct.

## 8.0 **Item E - Support to Social Housing Providers Capital Programme**

### 8.1 **Introduction / Background**

The Council has a small General Fund capital programme that provides occasional grant assistance to housing associations, and this supplements the much greater resources available to them from Homes England.

- 8.1.1 We allocate our resources to those schemes that best meet housing need in the Stroud district in terms of type, location and tenure. However, value for money is also a consideration, and those projects that produce the greatest number of homes for the lowest grant cost are obviously more attractive in terms of investment.

- 8.1.2 At the time of writing, there was £192,000 in uncommitted funds remaining in the s.106 code, and £230,000 of former Homebuy funds being held. Some of these funds are likely to be committed to support a large-scale ExtraCare scheme for older people while a commitment of £190,000 has been made to support the purchase of a site in Wotton Under Edge by Two Rivers Housing Association for the development of a shared ownership scheme.

Recent funding allocations and forthcoming commitments are set out below:

<b>Location</b>	<b>Grant</b>	<b>Number of units</b>	<b>Grant Per Unit</b>	<b>Provider</b>	<b>Date paid</b>	<b>Notes</b>
Littlecombe, Dursley	£240,000	22	£11,000	SDC	July 2013	SDC regeneration site
Bisley Old Road Stroud	£130,000	23	£5,700	Stonewater	July 2014	All rented homes
Lynch Road Berkeley	£66,374	10	£6,600	Fortis	March 2016	Abnormal costs for sewer re-routing
Elm Road Stonehouse	£90,000	8	£11,300	Two Rivers	Oct 17	Off the shelf purchase
<b>Commitments</b>						
Stagholt Standish	£30,000	4	£7,500	Two Rivers	June 18	Rural site. Planning application now received.
Full Moon, Wotton Under Edge	£190,000	10	£19,000	Two Rivers	TBA	Market housing site purchase opportunity.