

 <p>Northwards Housing North Manchester's Council Homes</p>		Report to: Northwards Housing Board 27 th January 2015		Item No: <h1>9a</h1>	
Title:		2015/16 Capital Programme			
Date:		19 th January 2015			
Author:		Claire Hopkins		Tel No:	0161 720 5838
E mail:		claire.hopkins@northwardshousing.co.uk			
Confidential:		No			
For: (Please tick action required)		NOTING		DISCUSSION	
				APPROVAL √	
PURPOSE OF REPORT					
To seek agreement from the Board to the 2015/16 Capital Programme,					
RECOMMENDATION					
That the Board approve the programme as recommended by the Operations Sub Committee and recommend the programme to Manchester City Council. The programme will also be approved by officers through the Council's Gateway process.					
IMPLICATIONS					
Risk Management		There is a risk of overspending or resources being lost without effective management of the programme and good quality stock condition information. The Investment & Strategic Asset Management team have overall responsibility for this. The Home Improvement Teams are responsible for completing risk registers for each individual project and delivering schemes on site.			
Regulatory & legal compliance		The Capital Programme is delivered in full regard to Northwards' Equality and Diversity policy. All capital projects comply with health and safety and CDM requirements. There are procedures in place to ensure that financial regulations are adhered to. The implementation of the capital programme contributes to ensuring that the HCA Home Standard is met.			

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	Y	Operations	19 th November 2014
Area Panel:			
Task Groups:			
Ward Councillors:			

1.0 Introduction

1.2 This programme has already been to Operation Sub Committee on 19th November who recommended the programme to the Board.

1.3 There have been a few changes since that report:-

- Budget increase of £176,000. £100,000 of this is due to the inclusion of anticipated leaseholder contributions, and the remainder due to reprofiling of surplus HRA funds.
- The omission of the proposed conversion of the former warden house at Joseph Dean Court which is now being re-let as a house.
- The inclusion of a further 50 properties for air source heat pumps as part of the NEDO project.
- The decision to carry out roofline works rather than full reroofing to Harpurhey Baths estate as recommended by the surveyor following further surveys.
- Inclusion of upgrading to the door entry systems at some retirement blocks to include a Fire Service override switch, following the recent fire at Duncan Edwards Court.
- The updating of some budget estimates following further survey work and/or negotiation of some bespoke rates with Manchester Working.

2.0 Capital funding anticipated for 2015/16

2.1 The capital funding available to Northwards for 2015/16 is expected to be £21.831m, funded by revenue contributions to the capital programme from the Council's HRA, plus a sum of £100,000 for anticipated leaseholder contributions.

2.2 For projects previously approved and on site or due on site before the end of March there is committed expenditure into 2015/16 which is currently estimated to be £12.090m. This includes on-going budgets for area panel environmental works. This leaves a budget available for new schemes and associated fees of £9.741m in 2015/16. The proposals below are for new schemes to commence in 2015/16.

3.0 Decent Homes related - £6.453m in 2015/16 (and £7.987m in 2016/17)

The following schemes all contribute to making homes decent, or to maintaining the Decent Homes Standard:-

3.1 Charlestown Victoria Avenue multi storey blocks window and balcony enclosure replacement phase 1 - Kentmere Court. The windows to this block were installed in 2002 by the City Council, along with balcony enclosures. We have had numerous complaints from all five Victoria Avenue blocks, particularly concerning water ingress to the balcony enclosures, and draughty and leaking windows. The original contractor has returned to rectify identified defects, numerous ad hoc repairs have been carried out and we have spent £1.1m through the capital programme on rectification works, but the problems still prevail. It is apparent that the already reported problems with the original design and installation still exist and that the frames have never been fit for purpose. It is now proposed to completely replace

the windows and balcony enclosures with new windows and curtain wall system designed specifically for high rise blocks, along with additional ad hoc work required to completely resolve the water ingress problem. The anticipated cost for all 5 blocks is just over £4m, which will be phased over the next 3 years.

- 3.2 Replacement of doors that have reached the end of their life. Most doors that require replacement are done through the external cyclical works programme. However some doors require replacing ahead of that programme, as they fail the Decent Homes Standard.
- 3.3 Reroofing of Moston Mill timber framed properties phase 2, and external cyclical works. This estate was included in the 2014/15 programme for roof line works because of a problem identified with perishing felt, resulting in premature deterioration of the timber fascia and soffit boards. However, further detailed surveys have shown that tiles are beginning to degrade, and mortar to the ridge is coming loose or missing. Under the new Procure Plus rates it is on an average £1,000 more to reroof than to do just roof line works, which will then give the roofs an estimated 55+ years of life as opposed to maximum 10 years. The budget approved for 2014/15 is insufficient to reroof all properties, and additional budget approval is required for 45 of the properties.
- 3.4 External works such as reroofing, chimney removal, brickwork pointing and repairing or rebuilding defective retaining walls to properties in Riverdale. This will complete work to over 500 properties in total (phase 1 is currently on site).
- 3.5 Reroofing of the New Lightbowne Halliford Road estate, and external cyclical works. Also included in the project are communal area improvements to 20 blocks of flats, and major environmental works to replace and install fencing and gates. Roofline works only were originally thought to be sufficient, however following further detailed survey full reroofing is recommended.
- 3.6 Roofline and external cyclical works to properties on the Baths estate in Harpurhey, and communal area improvements to 5 blocks of flats.
- 3.7 External cyclical works to a further 1,659 properties across various estates in Crumpsall, Harpurhey, Higher Blackley, Moston and Newton Heath. This is phase 3a of the programme to revisit all properties that had windows installed as part of the Decent Homes programme around 7 years ago, to ensure that any works now required are carried out - to walls, roofs, windows, doors, fencing etc, plus improvements to any communal areas of flats (21 blocks are in phase 3a).

Because 2008/09 was a peak in our Decent Homes programme in terms of properties receiving external work, phase 3 of the external cyclical works programme consists of over 3,000 properties in total. As these can't all be programmed for 2015/16, the work to some estates will be delayed slightly, resulting in 1,617 properties in Ancoats, Cheetham, Moston and Harpurhey being programmed for 2016/17. This will become phase 3b of the programme and will include the upgrading of communal areas to a further 60 blocks of flats (completing the programme of upgrades to all low rise blocks).

- 3.8 Replacement of old and inefficient boilers (excluding 2/4 blocks of flats – see item 5 below).
- 3.9 Clifford Lamb Court external wall insulation and window replacement. This work was originally planned to be done in around five years' time, but has been

accelerated following the installation of the ground source heat pump. The effectiveness of the ground source heat pump relies on a property being well insulated and draught-proofed. The block is of cavity wall construction, but the insulation installed in the early 1990s has failed in places. The windows were installed in 1997 but there are issues with draughts and other problems. We originally planned to reinstall insulation into the cavities and repair/maintain the windows, which would have cost in excess of £50,000. However window replacement and external wall insulation (cladding) is now considered a more appropriate solution, and will also greatly improve the appearance of the block which is looking tired and in need of a facelift. We will examine what external funding is available to support the wall insulation.

- 3.10 'Mops ups' of properties that previously refused Decent Homes work. At the moment there are 450 properties (the number has risen because of Collyhurst) that have not yet received some or all of the Decent Home improvements, due to tenant refusals. The proposed 2015/16 budget will improve around 80 properties where tenancies have now changed or tenants' circumstances have changed and they are now able to have the work.
- 3.11 'One off' replacements that may be required such as rewiring, and cavity wall or loft insulation.

4.0 Health and safety related - £1.049m in 2015/16 (and £0.867m in 2016/17)

The following projects are proposed:-

- 4.1 Concrete repairs to balconies and replacement of balustrading to walk up flats. There are a total of 10 blocks with two storeys where the access to the first floor is via a cantilevered deck access balcony. Within the 2014/15 programme a budget was approved to repair the balconies. However, it has since been found that the existing balustrading fails to comply with current Building Regulations and should be replaced when we carry out walkway refurbishment. This means that we can only complete 6 blocks from the 2014/15 budget and require a budget of £180,700 from the 2015/16 programme for the rest.
- 4.2 Various works to communal areas of multi storey blocks, including outstanding lower priority fire precaution works and renewal of old and worn out communal area doors in 9 blocks where there is a continuous responsive repair demand to keep them effective as fire doors. Plus upgrading to the door entry systems at some retirement blocks to include a Fire Service override switch, following the recent fire at Duncan Edwards Court.
- 4.3 Lift refurbishment programme. There are 13 multi-storey blocks which had new lifts installed in the early 1990s. The lift installations are now due for replacement given that the lift equipment has a life expectancy of 20-25 years. We have prioritised the blocks based on when lifts were replaced and taken a step by step approach to the refurbishment works in line with British Standard and Charter Institution of Building Services guidelines. Part of the programme of works includes the opening up of each floor so that the floors are serviced by two lifts. This will be of benefit when carrying out routine servicing and maintenance works allowing for one lift to be working at any given time, serving all floors. The refurbishment works will increase residents' safety, increase energy efficiency and performance, and provide a more reliable service. The step by step approach also reduces the outage times of the lifts therefore reducing the impact on residents. The proposal for 2015/16 is to open

lifts to all floors to Lincoln, Hayden and Sheridan Courts, and replace 2 lift cars at Lincoln Courts.

- 4.4 Rooftop extractor fan renewal to 12 multi storey blocks, which are becoming unreliable and costly to repair.
- 4.5 Water tank renewal to 5 multi storey blocks and water pump renewal to 12. These systems are obsolete and in need of replacement.
- 4.6 Sprinkler system pilot. We propose to retrofit domestic fire sprinkler systems in ten properties where the residents have been identified by the Fire and Rescue Service (GMFRS) as being at elevated fire risk. Whilst there is no specific requirement for Northwards to do this, it is increasingly seen as best practise. Additional servicing costs per year are estimated to be £50 per property if it is linked to another visit eg gas servicing. Rather than employ contractors to do the installations, an "in house" Northwards and Manchester Working team is being developed, with training part funded by the GMFRS. As well as being able to do any further installations, the install service could potentially be offered to other Registered Providers etc. in the future.

5.0 Specifically energy efficiency related - £0.619m in 2015/16 (and £1.358m in 2016/17)

- 5.1 Our existing programme is to replace un-metered communal boilers in 2 and 4 blocks of flats with individual gas wet systems, and to date 156 properties have been completed with a further 20 due on site shortly. We are currently trialling the use of ground source heat pumps in 2 blocks of 2 cottage flats. Data is being gathered from the trials, and if the systems perform as anticipated we will be recommending that ground source heat pumps are installed in all 2 and 4 blocks that still have communal boilers, over a period of 4 to 5 years. The capital cost is high (around £10,000 per property), but the Government's Renewable Heat Incentive should pay back most of that cost. The residents should benefit from significantly reduced fuel bills (that will be metered), and the move from fossil fuels to renewable energy which help us meet Government targets. In the 2015/16 programme we have included 184 of the 878 properties. The Council's HRA Board have already given their approval to the proposal.
- 5.2 We have put forward a proposal to install air source heat pumps in a further 50 properties (phase 2) as part of the project funded by the Japanese Government's New Energy and Industrial Technology Development Organisation (NEDO). If these additional properties are agreed, the capital programme will fund any pipework, new radiators, insulation etc. 75 properties are included in phase 1, with 20 systems due to be installed before the end of March. Two have been installed to date, and feedback from officers and tenants is that the systems are performing well. There are some teething issues with the tenants in understanding how the systems operate and we are working with them to overcome this and ensure they get maximum benefits from the systems.

6.0 Bringing properties back into use/conversions - £0.835m in 2015/16 (and £0.044m in 2016/17)

- 6.1 In Dam Head there are 13 blocks of walk up flats, all of which need improvement work - external cyclical works including reroofing, communal area upgrading and environmental works. The Council's HRA Board have agreed to bring back into use empty and off debit semi-basement flats in 4 of the blocks, which will help deal with

the impacts of welfare reform. The basements currently contain 1 x 1 bed flat, 1 x 2 bed flat plus laundry room and bin store. This will be remodelled to create 3 x 1 bed flats (so 12 new flats in total). For other blocks where the basement flats aren't in use and conversion isn't feasible, we will brick up all external entrances at basement level and render over brickwork to the ground floor level to improve the appearance of the blocks and make them more secure.

7.0 Improvements to acquired properties - £0.102m in 2015/16 (and £0.005m in 2016/17)

7.1 The Council are in the process of acquiring 14 flats on Moxley Road in Crumpsall from Great Places Housing Group, which will be managed by Northwards. This will increase the stock of smaller properties available to those under-occupying larger properties, and will prevent the properties entering into the private rented sector which could have broader neighbourhood management implications for the area. Within our capital programme are the costs to bring the properties up to a lettable standard.

8.0 Salaries and fees - £0.683m for new projects in 2015/16 (and £0.862m for commitments into 2016/17)

8.1 In total £1.735m has been budgeted in 2015/16 to deliver the programme, including what was previously approved for committed projects. This is for Northwards staff working on the capital programme, plus any external fees such as building regulations, asbestos and fire surveys and Structural Engineer's fees.

9.0 A detailed programme is attached at **Appendix 1**.

For information, Northwards Property Services has also been asked by the Council to deliver a programme of improvements to ten homeless hostels across the City, commencing in 2015/16.

10.0 Net Present Value (NPV) observations

10.1 A report on the 'Annual Estates Review' was submitted to Operations Sub Committee in November, which detailed the performance of estates and the NPV of properties.

10.2 Appendix 1 to this report identifies the average NPV of the properties that are being put forward for investment. Apart from health and safety related work to some multi storey blocks and external cyclical works to retirement flats, the only properties that are proposed for major investment that have a RED NPV are at Clifford Lamb Court.

We are currently investing in a new ground source heat pump at Clifford Lamb Court and the additional works now proposed should vastly improve the appearance of the block. We are also bringing an off debit bedsit back into use this financial year. It is anticipated the NPV will increase when all this work is complete in 2016.

11.0 Recommendations

11.1 That the Board approve the programme as recommended by the Operations Sub Committee and recommend the programme to Manchester City Council. The

programme will also be approved by officers through the Council's Gateway process. (Gateway 1 approval has already been given).

Project	Number of Properties	Average Unit Cost £	Total Cost £s	2015/16 £000's	2016/17 £000's	Ave NPV
DECENT HOMES RELATED:-						
Charlestown Victoria Avenue multis phase 1 window replacement and ECW	94	£9,022	£848,050	108	740	Amber
Door replacements phase 5	143	£843	£120,550	115	6	
Moston Mill timber framed properties reroofing and ECW phase 2	45	£4,742	£213,372	202	11	Green
Riverdale Estate external work and ECW (phase 3 & 4)	197	£10,669	£2,101,791	350	1752	Green/ Amber
New Lightbowne Estate Halliford Road reroofing and ECW	335	£9,418	£3,155,019	1192	1963	Green/ Amber/Red (retirement)
Harpurhey Baths Estate roof line works and ECW	105	£4,643	£487,540	50	438	Green/ Amber/Red (retirement)
External cyclical works ph 3a Crumpsall various	107	£3,655	£391,056	371	20	Green/ Amber/Red (retirement)
External cyclical works ph 3a Harpurhey Winston Rd estate	104	£1,655	£172,133	163	9	Green
External cyclical works ph 3a Harpurhey Monsall/Routledge/Polden/Lizmar/Ada	343	£1,597	£547,703	50	498	Green/ Amber
External cyclical works ph 3a Higher Blackley North & Heaton Park West (part)	826	£2,963	£2,447,771	1100	1348	Green/ Amber
External cyclical works ph 3a New Moston corolites	130	£3,397	£441,655	420	22	Green
External cyclical works ph 3b Newton Heath Edmonton/Haringey	149	£2,667	£397,316	150	247	Green
Boiler replacements (excl 2/4 blocks)	461	£2,456	£1,132,133	932	200	
Charlestown Clifford Lamb Ct external wall insulation and window replacement	58	£18,677	£1,083,278	550	533	Red
Decent Homes mop ups phase 7 and voids	80	£6,250	£500,000	400	100	
One offs eg rewires, boilers, doors, structurals, insulation			£400,000	300	100	TBI
HEALTH AND SAFETY:-						
Walk up flats balcony repairs and ECW phase 2	45	£4,016	£180,700	172	9	Amber
Multi storey communal fire door renewal and other upgrading works			£495,666	100	396	Green/ Amber/ Red
Lift replacement/refurbishment programme	204	£2,578	£525,899	100	426	Green/Red
Multi storeys rooftop extract fans renewal	916	£493	£451,692	429	23	Green/ Amber/ Red
Multi storeys obsolete water pump and tank renewal	1085	£222	£240,664	229	12	Green/ Amber/ Red
Sprinkler system pilot	10	£2,049	£20,489	19	1	TBI
ENERGY EFFICIENCY RELATED:-						
2 and 4 blocks heating replacement with ground source heat pumps phase	184	£10,067	£1,852,315	500	1352	
Air Source Heat Pump Trial phase 2 (NEDO project)	50	£2,500	£125,000	119	6	TBI
BRINGING OFF DEBIT PROPERTIES BACK INTO USE/CONVERSIONS:-						
Dam Head flats - bringing basement flats back into use and ECW/reroofing/ environmental works			£878,510	835	44	Amber
IMPROVEMENTS TO ACQUIRED PROPERTIES						
Improvement work to Crumpsall Moxley Rd acquisitions	14	£7,643	£107,000	102	5	N/A
SALARIES AND FEES						
Salaries and fees			£1,545,000	683	862	
Total			£20,862,304	9,741	11,123	
	Committed projects			12,090		
	Total programme			21,831		
	Total anticipated budget			21,831		