

 <p>Northwards Housing North Manchester's Council Homes</p>		Report to: Northwards Housing Board 2 nd July 2019		Item No: <h1>9a</h1>	
Title:		Capital Programme update – Fire Risk Assessment related works and extension to the 'Homes as Energy Systems' project			
Date:		25 th June 2019			
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Confidential:		No			
For: (Please tick action required)		NOTING		DISCUSSION	
				APPROVAL ✓	
PURPOSE OF REPORT					
To seek agreement from the Board to additional fire risk related works and to note the extension to the 'Homes as Energy Systems' project.					
RECOMMENDATION					
That the Board:-					
<ul style="list-style-type: none"> a) Approves the additional fire risk related project and recommends it to Manchester City Council for approval through the Council's Capital Approval Process. b) Notes the increase in scope and funding of the 'Homes as Energy Systems' project. 					
IMPLICATIONS					
Risk Management		CRR-05e Failure to provide an efficient design and delivery service. Revised Good Practice Guides have been issued, and risk registers are carried out on all projects. CRR-03d Failure to ensure compliance with fire safety legislation and regulation. This report seeks approval to additional fire precaution measures.			
Regulatory & legal compliance		The Council and Fire Authority expect Northwards to comply with all aspects of the Regulatory Reform (Fire Safety) Order 2005 – relevant to this report - article 8 "Take General Fire Precautions" and article 9 "Risk Assessment".			

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	No		
Task Groups:	No		
Ward Councillors:	No		

1.0 Fire risk assessment (FRA) related work

1.1 High rise blocks update:-

- 1.1.1 The Board has previously approved a sum of £4m for Fire Risk Assessment (FRA) related work to high rise and retirement blocks, based on initial estimated provided by Savills. (This is in addition to the £7.4m being spent on the installation of sprinklers).
- 1.1.2 The approval to the £4m came with the caveat that “the actual sum required will not be known until all surveys are received from Savills and any capital work required is identified and programmed”.
- 1.1.3 The work to high rise blocks has now started on site, and increased costs are being experienced. This is due to two reasons:-
- a) There has been an increase in the scope of work. The budget was based on a sample of surveys and a performance specification. Detailed surveys have now been undertaken by the Design and Delivery team and the specification has been developed, and there has also been an increase in the quantity and type of works, in particular in relation to communal and flat front doors.
 - b) There has also been an increase in contractor’s prices due to demands on capacity, and an increase in insurance costs in relation to accountability and risk.
- 1.1.4 The increase in cost is currently being quantified and is subject to agreement with contractors, but early estimates suggest it could be up to £1.5m. The proportion of the £4m budget originally set aside for retirement blocks (£0.4m) will be reallocated to the high rise blocks, and a separate budget approval requested for that (see below). The remainder of the increase may be able to be managed within existing capital programme approvals, or we may need to seek additional resources from the Council.

1.2 Low rise blocks:-

- 1.2.1 FRAs have now been completed by Savills for our low rise blocks of flats. Including retirement blocks and offices, Savills estimate that up to £3m is required, based on a sample of surveys. This figure excludes contractor’s preliminary costs, overheads and profits, contingencies and Procure Plus fees. There are also some additional costs for asbestos surveys and possible removal, and a small budget for work to existing gates. This brings the total up to around £4.5m.
- 1.2.2 However, this cost is likely to be affected by the increased cost issues referred to above. A contingency sum is also needed for a number of blocks that weren’t on the original FRA list that still need to be assessed by Savills. The number of additional blocks should be known by the end of June. The estimated cost will be firmed up over the next few weeks and then submitted to the Council for approval, and is likely to be between £6m and £7m. The project will be subject to a mini competition through the Procure Plus framework, to ensure that best value for money is achieved. A start on site is expected later this year, subject to Council approval.
- 1.3 Initial discussions have been held with the Council on the level of future capital resources, which are to be confirmed in due course. This additional fire related

work will have an impact on the timing of other planned works, and will most likely lead to a delay in the installation of new bathrooms and kitchens in low rise properties.

2.0 ERDF funded project – ‘Homes as Energy Systems’

- 2.1 In early 2019, the Board and the Council approved a £3.3m project for the installation of ground source heat pumps (GSHPs) to 270 flats, plus a small number of solar PV panels and battery storage, and two ‘deep retrofits’. £1.5m is being funded by European Regional Development Fund grant (ERDF), with the rest funded by the capital programme.
- 2.2 There were originally three LA delivery partners involved in the project: Northwards, Stockport Homes and Wigan Council. However, Wigan Council recently pulled out of the project, leaving additional ERDF funding available. We therefore have the opportunity to increase the measures installed through our project, at an estimated cost of £0.8m, of which £0.3m will be funded by ERDF grant, and the remainder from the capital programme. There is also additional ERDF revenue grant to cover some of our staffing costs.
- 2.3 The £0.8m will fund an additional 57 GSHP’s, as well as around 21 air source heat pumps (to build on our NEDO funded pilot) – subject to prices secured through the Procure Plus framework. The work will be completed in 2020/21.
- 2.4 This increase was approved by the Chair of the Board and Chair of Operations Sub Committee on 25th June 2018 as an urgent decision in order to allow the revised business case to be submitted to the Council by the end of June to meet the deadline for the Council’s July meeting of the Strategic Capital Board. This is necessary so that the ERDF Project Change Request can be submitted to MHCLG by the end of July so that we can start claiming relevant expenditure.

3.0 Recommendation

- 3.1 That the Board:-
 - a) Approves the additional fire risk related project and recommends it to Manchester City Council for approval through the Council’s Capital Approval Process.
 - b) Notes the increase in scope and funding of the ‘Homes as Energy Systems’ project.