



**Service Delivery  
Committee**

**8 July 2014**

**Matter for  
information**

Title: Delivery of Housing Revenue Account (HRA)

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## **1. Introduction**

This report is to provide an update to the Service Delivery Committee on the delivery of the HRA Business Plan approved in April 2012 including a commentary on activities and performance for the financial year end 2013/14

## **2. Recommendations**

Members to note the updates contained within the Business Plan and in particular the introduction of the procurement and market testing for specific housing functions.

## **3. Information**

### Tenants Charter

All Service Charters including performance charters are now being placed on the Boroughs website. It was agreed that this Committee is to receive exception reports of performance matters related to Landlord services. Below is a brief report on where targets have not been fully met.

- **Rent Arrears:** The year end position improved following a joint arrears initiative with the Benefits Team. This will be closely monitored during the second year of the welfare reforms so that any issues can be identified early.

Target 99%			
	November 2013	February 2014	March 2014
% Rent Collected	97.03%	97.8%	98.25%
Total Arrears	£118,77.30	£112,842.20	£91,549.41

- **Lettings:** The number of re-lets has increased as a consequence of Welfare Reform. Higher priority was given to those tenants who were not eligible for transfers to smaller properties. A change in policy has enabled further flexibility to enable those people who are looking for the right move at the right time, and consequently there has been an increase in some long term tenancies coming to an end. These

properties have needed more works to bring them up to current re-let standards.

Target for Routine voids 4 Weeks			
Major voids reported if over 12 weeks			
Type of void	January 2014	February 2014	March 2014
Void (routine)	6	7	8
Void (major)	13	13	15
Total	17	20	22

- Voids: Works to two major repairs voids are about to be undertaken
- Falmouth Drive- a 3 bedroom property it is anticipated that work will commence in the next few weeks to carry out remedial works to correct major structural defects. This has been a very complex project due to the specialist nature of works and has involved structural engineers, consultants and the identification of a suitable specialist contractor to undertake the work. Such work is associated with the complexity of subsidence and the property sinking into the foundations. There have also been uncertainties leading to delays in funding the work with disposal being considered as an option. However, we are now in a position to proceed with the structural remedial works to restore the property bringing it into a safe and habitable condition.
  - St Peters Path – A supported housing one bedroom bungalow - similar time line and issues to the case above.
  - There are three other properties in St Peters Path that require remedial work. However, these are not voids but are tenanted properties and before undertaking any works on these three properties, consultations with the tenants has been necessary. 2 out of the 3 tenants agreed and we now have arrangements in place for the third property. To ensure best value and efficiencies, it is planned for the works to start simultaneously on all of these 4 properties at St. Peters Path.

### **Update on Capital Programme 2013/14**

#### **Refurbishment works at Boulter Crescent**

The Policy Finance and Development Committee approved the successful contractor, on 4 February 2014, and an update to this committee was provided at the end of March 2014.

Works commenced on site on 28 April 2014, following the contract let in mid April. Currently the contractors are working on 2 blocks, 10 flats (6 and 4 in the two blocks) and completion is anticipated in mid July. This will then lead to second phase for two more blocks, again 10 properties.

In the first phase there have been no major tenant concerns and dialogue continues with those who are currently decanted and with those who are being identified for the next phase.

A successful clean up operation was organised just prior to the first moves taking place encouraging all tenants to “spring clean”. It also enabled both the newly appointed Housing Team Leader and Housing Officer to meet with the community and forge relationships.

Feedback from tenants, who are currently in temporary decant accommodation, is good reflecting the hard work of both the contractors Tenant Liaison Officer and our own Project Officer who have worked very closely together to achieve success of the first phase decants.

It is too early in the programme to predict any changes to schedules. However, as there have now been more vacancies together with certain cost savings, it is anticipated that the second phase will consist of a three block programme. This would enable work to take advantage of good weather and move the programme forward to safeguard against any delays. This will, of course, be subject to consultations with the Finance Manager who is part of the project team. Members will be aware that duration of this program is over a 2 year period with an anticipated 8/9 week turnaround of work in each phase. Good progress of this project continues.

Communication has been maintained with all residents and the Build a Better Boulter Residents Association and surgeries at the Boulter Crescent Community flat are being covered by the newly appointed Housing Officer and Rents Officer.

### Other Sites

In addition to the above major Capital Works Programme, during the last financial year the following works, under the Capital Programme, were moved forward.

- Queen Street and King Street, Oadby,- all surveys are now complete and following a slight delay due to the withdrawal of funding from the energy companies, a programme of works have been agreed and the tender process has now commenced.
- 5 show flats delivered within the Capital Programme at Boulter Crescent
- Long standing lease obligations to shop fronts at Brabazon Way, Oadby completed
- A small number of planned boiler replacements have been completed and this is to now develop into a larger programme
- Voids inspected and kitchen and bathroom replacements were completed at properties previously refused during the last planned works program as part of the Decent Homes Programme. (DHP). Also as part of the voids works which were previously refused under (DHP), a total of 6 properties have been completed

- Other replacement works completed where previously refused under the DHP
- Blown double glazed window replacements catch up programme – now undertaken on a responsive basis.
- Upgrade of CCTV at William Peardon Court, Wigston
- Upgrade and remedial works at Chartwell House, Oadby including security fencing at rear of site and addressing long term parking issues by working closely with County Council to improve signage and marking out of parking spaces
- Preparation for a cost effective door replacement programme as the doors became defective during a 10 year guarantee period during which time the national door company collapsed leaving us to replace these doors. Trial of 5 doors completed and further market evaluation to be carried out with a phase of 30 to 50 doors out of some 700 doors that require replacement and ensuring that efficiencies are measured during contractual works.
- 5 car hard standings delivered and an ongoing programme including 13 to be complete all Council owned houses in Holmden Avenue, Wigston to coincide with heavier traffic flows following a new development at the college site.
- Major aids and adaptations to be undertaken and an ongoing programme with around a year waiting time. Urgent cases will be done more quickly as will be stair lifts and through floor lifts.

In addition, to above, the Maintenance team is also responsible for delivering capital works at the Council offices which have included tree works, Portable Appliance Testing (PAT). The team have also assisted with the programme leading to vacate and demolition of the huts and various internal cyclical programmes/upgrades following the various internal office moves.

In financial terms a total of £646,185 capital works was delivered from the HRA in 2013/14 for capital programmes for the above planned works and a further £45,793 for Council offices a total of £691,978.71

### Capital spend outturn

The HRA capital budget for 2013/14 was £2,565,960 which included a brought forward figure of £261,960 from 2012/13.

The year 2013/14 was the 9 year of the Decent Homes Programme which included the huge project we have embarked upon at Boulter Crescent. This project is being completed on a whole home approach which in this instance is a complete strip to the external shell.

The complex change in approach launched the largest works / decanting programme the Council has ever undertaken. The change took time as it was decided to underpin tenant consultation with show homes and a trial build. As a result an 'in-year' decision was made to carry forward £994,370 as the main delivery would occur 2014/16. Most of this related to Boulter Crescent (£939,000). The procurement process was then challenged pushing the start

date back still further outside of our control. Therefore, at year end a further £925,404 was available to carry forward of which £473,540 related to Boulter.

Boulter Crescent is now well underway and year 10 (2015/16) projects will commence much earlier in the year than in recent years.

Work to bring forward year 10 projects, once it was decided to delay the start of Boulter Crescent project, also faced delays due to government cutting of ECO insulation grants which meant revision of works and tenders.

In addition, the housing management IT system upgrade commenced later in the financial year due to departure of staff and the project is now near completion, anticipated to go live at the end of July.

### **Affordable Housing**

#### **Canal Street, South Wigston**

As reported to this committee previously, to supply 12 rented units, consisting of 2 much needed one and two bed roomed accommodation with a registered provider. A new planning permission was granted on 23 January 2014 and the scheme went on site in February 2014. Section 106 agreements is being finalised and the handover, is anticipated in April 2015. The Council will receive 100% nomination rights for all first lettings.

#### **Kirkdale Development (Bennetts Way)**

For the Homes and Communities Agency (HCA) Affordable housing Programme (AHP) for 2015/18 the Council has shown support to a private builder and a registered provider (RP) to bid for grants to the Homes and Community Authority to deliver 40 affordable homes in South Wigston. We will work with the RP to ensure that appropriate mix of properties are delivered with 100% nomination rights to all first lettings. The support is for affordable housing only.

### **Housing Related Support (HRS)**

Members were provided with a report at the last meeting advising them of the Leicestershire County Council (LCC) intention to extend the supporting people contract for HRS:

Notification was received in April 2014 following County Council Cabinet approval to extend the contract until September 2015.

Confirmation of above and proposals for options were reported to Service Delivery Committee at the last meeting.

Under this proposals Districts can provide local solutions for service provisions where the most cost effective option is to have local agreements and arrangements for services. The Housing Team have been working closely with

the County to look at options for our locality and to determine how we can deliver services in the future particularly those in our sheltered schemes.

Officers are reviewing the current services and working with residents, staff and County to consider viable options.

Supporting People funding which will come to an end in September 2015. Early indications from the County suggests that there is unlikely to be any financial subsidy to the Districts providing support in Council housing sheltered schemes from 2015 as they move towards support provisions targeted to the needs of individuals under the Governments prevention agenda.

Officers have been attending the County consultation meetings being held with our residents in sheltered schemes. They have also facilitated consultations for those living in bungalows to provide support to residents and officers have appreciated ward members support at these meetings.

The County's correspondences to individuals have caused some confusion mainly related to the difference between an individuals' eligibility to claim support charges and the overall funding of Housing Related Support (HRS) for older people.

The criteria for individual support needs are that many have been in receipt of benefit of Supporting People (SP). However, eligibility changed at the start of April 2014 whereby the individuals who automatically received the Housing Benefit element of SP were no longer eligible unless they meet a means test. Those residents affected by this change have been advised that their benefits are being reviewed and that they may have to pay the charges for receiving support. This will come, from their current income which has understandably caused both confusion and anxiety.

Officers are assisting with a handful of residents who have been affected by this change and will work with the Benefits team and LCC officers to help our residents adjust to the new charging regime.

In addition, Officers are seeking an urgent meeting with LCC to discuss consultation arrangements concerning the variances in financial statements some residents has received. A verbal update will be provided at the meeting following further discussions and an update from LCC

Tenders have been received for all Districts for provision of Assistive Technology (Life line alarms, door entry intercom systems, etc) and the contract has been awarded to our current supplier which should ease the transition around the Assistive Technology changes proposed.

LCC have offered both their support and commitment to work with each District in recognition that we have a better understanding of our community needs. However, what is clear from the County Prevention Agenda is that there is not likely to be any financial support to Local Authorities, as already alluded above in this report.

### **Gas Contract Procurement and Performance**

It has been reported at previous meetings that the current gas servicing contractor sought an early exit from the contract due to their changed business priorities. The Council did not seek to influence their decision to end the contract before the optional fifth and final year because of some performance issues. It was therefore decided to take the opportunity for the council to address these concerns at this time. The company were however held to their contractual obligations to complete the fourth year of the contract to give the Council time to carry out a proper procurement exercise.

A dedicated officer with expertise in gas safety and service Contract Management has now been engaged on a temporary basis. His role is to cover the run off period of the existing contract plus the procurement and mobilisation of the new contract through the Northern Housing Consortium (NHC) partnership arrangement this Council holds. This has helped to improve performance under the current contract and is ensuring the best possible outcomes are achieved through the procurement process. The size of the councils operation does not make it possible to have a dedicated specialist role on an ongoing basis but this approach is proving a very effective way to work through this important period.

Meetings have taken place with NHC; a programme has been agreed and is running to schedule to deliver the new contract in September 2014 which will commence in October 2014. The detailed preparation of schedules, which include all customer facing requirements and selection of contractor; Members of the tenants' panel and other interested parties will be included in these discussions.

Under Gas Safe legislation a Landlord who rents part, or all of a property must have all gas appliances and pipe work, checked and a certificate (referred to as CP12) to prove that it has been done every 12 months. The check must be completed by a Gas Safe registered engineer (previously referred to as Corgi registered). A CP12 certificate provides information about the gas safety checks carried out and is evidence that appliances have been checked and safe to use.

The current working arrangements with the current contractor and performance have improved and this bodes well for a smooth transition into the new contract. This is also important as TUPE arrangements will apply meaning some of the current contractors staffing resource dedicated to this contract may move over to the new contract. Performance at the time of writing this report is as follows:-

- In the current month, as at 19 June. We are 100% compliant.
- Approaching half of Julys work is already complete and appointments have already been made for the remaining visits to happen in June.

We are now in a position of being 100% compliant and this compares very well to a period earlier in the year when the work was happening very close to the expiry date of the old certificate. Many visits were being completed days or in difficult access cases even weeks late his was picked up by Internal Audit. It was also noted that some CP12's were sufficiently overdue that court action

should have been taken, these have all now been completed and have valid CP12's.

As the current Performance Indicator is expressed in percentage terms against a target of 100% compliance a performance for example of 98% might seem very good but does not equate to actual numbers or how long cases have been outstanding. We are therefore introducing the following new PI Table for Gas Safety compliance:-

GAS SERVICE COMPLIANCE AS AT >>	19 JUNE 2014
OLDEST CASE CP12 - EXPIRED (CP12 = gas safety certificate)	(Insert date) None at present as 100% compliant
% CP 12's COMPLIANT	100.00%

### **Internal Audit**

In 2013/14 internal audit made some recommendations for service improvements to the Housing Option, Housing Repairs and Housing Voids services and these have now been implemented. The results of this follow up audit will be reported to the next Policy, Finance and Development Committee.

In brief the follow up audit found:-

- **Housing Options.** All of the action points noted have been implemented with an acceptable low residual risk being low. The main areas of concern were related to system updates and the new team have worked hard to bring both the systems and policies up to date
- **Repairs and Voids.** As previously advised the issues noted for this service related to the upgrade of both the Integra, finance management system interface with Orchard (Housing management system). Both of these projects were delayed due to the lack of internal capacity following the departure of an employee and the ability of suppliers to programme the work in. These are both progressing well now, however, as result of the delay a number of recommendations are only partly implemented these are now a priority for the service.

Issues raised around Gas Safety administrative records and procedures plus the need to complete Gas Servicing / Safety checks before the previous CP12 certificate expires have been addressed. More detail is provided in a separate section of this report. Processes have been reviewed to ensure we adhere more closely to policy and further improvements will be made as we enter into the new gas contract with a new contractor. In particular we are looking at what IT systems can be interfaced and what processes can be improved.

A full audit report will be going to Policy, Finance and Development committee as part of the internal audit annual statement report as an agreed process.

Attached at Appendix 1 is a procurement and market testing plan which has been discussed with Internal Audit. This method ensures that the repairs



services continue to be competitive whilst maintaining its local contractor base in line with the Councils corporate priorities.

### **Welfare Reforms**

The housing team have worked very closely with our colleagues in the benefits team and other partner agencies to closely monitor tenants impacted by the subsidy charged on additional bedrooms. (Often referred to as bedroom tax)

Officers continue to support tenants falling into rent arrears and Officers have been monitoring if any of the increases in rent arrears that can be directly attributed to the bedroom subsidy charge. To date, no formal legal action or evictions related directly to this change in welfare reforms.

In 2013/14 some 52 residents were awarded Discretionary Housing Benefit (DHP) to mitigate the effect of the removal of the spare room subsidy. The total award amounted to £13,147.00 of which £10,344.00 was awarded as a direct intervention of the Income team.

In addition, £2,803.00 was awarded to private tenants who had sought support of our Housing Options team and direct applications to the benefits team.

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<b>Implications</b>	
Financial (PL)	The costs of voids are budgeted within the Capital programme The funding of the Canal Street flats is within the current provision of HRA budgets The apparent under spend in the HRA capital programme is due to a considered decision to reschedule within the two year rolling programme. Contract let of the larger programme was just outside of the year end which is now being caught up. The HRA procurement and marketing testing timetable conforms to the HRA ring fenced budget. Loss of the Supporting People budgets requires the reconfiguring of services
Risk (APM)	CR5 – Effective utilisation of assets CR7 - Business continuity
Equalities (KG)	It is envisaged that the appropriate EIA have been undertaken at various stages in respect of impact that changes may have on individuals.
Legal (KG)	Legal have been involved in the procurement process for the Boulter Crescent capital works project and need to be involved at the outset for further procurement works as advised in the procurement and market testing plan within the report.