

APPENDIX A

HRA Budget Setting Report – Appendix A – Poole Neighbourhood

This appendix gives more detail on the Poole Neighbourhood Capital programme for 2019/20 – 2021/22 and the carry forward of budget from 2018/19.

Carry forwards of 2018/19 Budget

The approved capital budget for the Poole Neighbourhood for 2018/19 was £16.969m (after year end adjustments).

Capital projects are generally long term projects that may span several financial years and therefore timings of spend can be difficult to accurately predict prior to the start of the project and throughout the project due to delays caused by bad weather or other issues on site. Budgets are therefore re-forecast each quarter and unused budgets are carried forward to the following financial year.

The Poole Neighbourhood will carry forward £3.647m from 2018/19 into 2019/20 and beyond. The reason for the carry forward is detailed by scheme below:

£0.35m carry forward from across the general maintenance budgets. Unused budget for building works will be carried forward to 2019/20 and will be re-allocated to fund essential fire safety works. In addition, £0.05m will be carried forwards for roofing projects and £0.1m for Electrical works.

£0.263m carry forwards of contingency and IT budget which will be used to fund the delay in delivery of the IT project.

£0.8m carry forward of unused New Build budget will be used to fund schemes to be identified in 2019/20.

£1.284m carry forward of budget relating to the Canford Heath Road development. This project was due to be delivered in Q4 2018/19 but delays on site have led to a re-profiling of budget. The carry forward reflects works that will now be completed Q1/2 of 2019/20 and the retention figure that will be held until 2021/22. The original £11.83m budget has not been impacted by the delays and the scheme is still expected to deliver within budget.

£0.95m carry forward of budget relating to sprinklers. This budget will be carried forward and used to fund the cost of installing sprinklers at Sterte Court. This project will now be carried out at the same time as works to replace cladding. Completing both projects at the same time reduces the impact on residents. Any unused Sprinkler budget relating to Sterte Court will be added to the Project Admiral budget and used to fund the cost of sprinklers.

2019/20 – 2021/22 Budgets

Basic Planned Maintenance

The basic planned maintenance budgets cover all elements of works required to the Poole Neighbourhood stock to ensure it continues to meet the Decent Homes Standard.

A number of elements within this budget have now come to end of life. Condition surveys are carried out and where appropriate asset life is extended. However, some elements, such as windows can not be extended further and need to be replaced. The maintenance programme includes additional funding for these elements from 2019/20.

There are some new pieces of work that need to be delivered relating to fire safety. A national issue relating to fire doors was identified as part of the Grenfell enquiry and a door replacement programme is expected to continue within the Poole Neighbourhood throughout 2019/20 and 2020/21. This will replace affected doors in priority order. The full cost of this replacement has been reflected though PHP are still pursuing opportunities to reduce this cost.

Additionally, recent fire risk assessments have highlighted that doors on electrical and boiler cupboards need to be replaced with fire resistant doors and this has also been budgeted throughout 2019/20 and 2020/21.

The £0.2m carry forward of Building works budget from 2018/19 is expected to be required as regulations continue to be changed and updated.

Carry forwards of Budget for Roofing works of £0.05m to 2019/20 is required due to delays in obtaining the scaffolding required to proceed and carry forwards of £0.1m of Electrical works budget is required as a result of a change in contractors, these works will be completed early in the new year

Some of the cost of meeting additional fire safety requirements and additional window replacements will be met by planned reductions in other areas. Savings have been identified from the electrical works budget where PHP implements periodic testing to electrical systems instead of replacement. This has led to significant reductions in Capital spend in this area. The budget for kitchen replacements has also been reduced as better information relating to numbers requiring replacement can now be obtained from the Asset Management System.

Much of the fire remedial works are business as usual and part of planned works, but PHP has identified additional fire safety works that it wishes to carry out including retro-fitting sprinklers in buildings over a certain height and replacing the cladding at Sterte Court. Budgets to deliver these are included under Major Projects.

Other Planned Maintenance

Other projects include a carry forward of unused contingency budget and a small carry forward of I.T budget, both of which will be used in relation to the replacement I.T system which was due to be delivered in 2018/19 but has been delayed. This project was expected to go live in Q1 2019/20 but has been delayed again due to the change in response repairs contractor from 1 August 2019. It is not feasible to go live with the IT system when the current contractor in place as they would need to write interfaces to the new system for the last few months of the contract. New interfaces

will need to be written once the new contractor is appointed. An increase to the budget will be required in 2019/20 due to the delays. £272k has been added to the budget of £262k carried forward from 2018/19 giving a total budget of £535k to complete this project in 2019/20. There is no contingency budget for 2019/20 as this will be used against the IT project.

Major Projects

There are 9 main areas of focus within the major projects approach that have funding allocated in 2019/20 and these are as follows –

- Finalisation of the build at Canford Heath.
- To bring forward proposals for an additional in fill new build scheme in 2019/20
- To take opportunities to acquire properties from the open market where they fit with housing priorities
- To progress works in relation to the major maintenance programme on the Old Town tower blocks
- To deliver fire safety enhancements to tower blocks including retro-fitting sprinklers to the 6 blocks and replacing the cladding at Sterte Court
- To deliver a temporary accommodation scheme at Herbert Avenue
- To progress the redevelopment of Cynthia House
- To look for further opportunities relating to the redevelopment of the sheltered sites following PHP's Sheltered Housing Review and BOP's Housing Demand report.
- To bring forward an outline business case relating to the redevelopment of the Hillbourne School site.

Canford Heath Road

2019/20 will see delivery of the build at Canford Heath Road which was approved at the November 2016 Council meeting. Budget is to be carried forward from 2018/19 to reflect more accurate profiling of spend following delays on site. This scheme will deliver within the £11.83m approved budget. Retention budget to be held to the following year.

In-Fill

£0.8m carried forwards from 2018/19 and total scheme budget of £1m.

The Council and Poole Housing Partnership continue to work to identify HRA land where more affordable housing can be delivered via the infill programme. An initial allocation of funds is identified within the current programme (subject to Council approval of the actual scheme) to assist in the planning process for the overall capital programme. If schemes are not approved this funding will be returned to reserves.

Small Sites Programme

£0.5m annual allocation is proposed to fund acquisitions and buy backs of HRA properties to ensure opportunities are maximised. Each purchase is subject to both financial and managerial checks to ensure they deliver good value.

Project Admiral

The tower blocks in the Old Town were built between 1962 and 1969 using concrete frames with a rendered external finish. This type of build was common at the time and like most tower blocks require a major maintenance programme to ensure the structure remains sound approximately every 30 years. The last major programme took place between 1988 and 1990 and following some detailed structural surveys it was confirmed the standard of the current render and condition of the roof and other fixtures are not fit for purpose going forward. A major maintenance programme will be delivered over the next 3-5 years. An outline business case was submitted in 2018/19. Enabling works will begin in 2019/20.

Fire Safety Retrofit to 6 Tower Blocks and Cladding

£0.95m sprinkler budget to be carried forward from 2018/19 as works to retro-fit sprinklers to Sterte Court will be carried out in conjunction with works to replace the cladding during 2019/20. Any unused sprinkler budget will be added to the Project Admiral budget to fund the cost of installing.

Temporary Accommodation

During 2018/19 the Council approved the business case for PHP to deliver a 24 unit temporary accommodation scheme at Herbert Avenue. This scheme will cost £2.509m and will initially be used to support the General fund relieving pressure on their homelessness budget. This project is being delivered from within the HRA as in the longer term it is envisaged this scheme will be used to support longer term affordable housing.

Cynthia House

During 2016 PHP undertook a review of its sheltered housing stock identifying a number of sites that were either not fit for purpose or did not make the most efficient use of the site. Cynthia House was a site identified with high voids, being more expensive to maintain and unpopular to rent. Plans have been made to re-develop this and work will progress during 2019/20.

Sheltered

Proposals will be brought forward to redevelop other sheltered sites to ensure units are fit for use in the long term. These will be subject to Council approval in line with the outline business case.

Hillbourne School

The 2019/20 budget includes placeholder fees in relation to re-development of the Hillbourne School site with enabling works expected in 2020/21 and phase 1 delivery during 2021/22. Plans will be subject to Council approval.

Summary

These major projects will deliver £28.4 million worth of work across the next 3 years and should see the following outcomes –

- Delivery of 62 new units on the Canford Heath Road site – 6 supporting General Fund budgets
- Delivery of an in-fill scheme
- Acquisition of approximately 5 additional units a year from the open market
- Major maintenance works to the Old Town tower blocks including retro-fitting of sprinklers
- Fire safety enhancements at Sterte Court; non-combustible cladding and sprinklers
- Temporary accommodation at Herbert Avenue
- Major redevelopment of the sheltered sites
- Options for redevelopment at the Hillbourne School site