

The Highland Council
Lochaber Area Committee
25 August 2015

Agenda Item	14
Report No	LA 28/15

HRA Capital Programme Update

Report by the Director of Community Services

Summary

This report provides information to Members on the status of the Housing Revenue Account Capital Projects within the Lochaber Area.

1. Background

- 1.1 At the Area Committee on 26 February 2015 Members were presented with a report giving the status of capital projects for the Area as detailed in **Appendix 1** of that report. Members will recall that the approved work is targeted in order to meet the Council's commitment to achieving the Scottish Housing Quality Standard.
- 1.2 The HRA Capital Programme for 2015/16 was approved by the Community Services Committee in February 2015. The bulk of the programme is committed to completing contracts to achieve the Scottish Housing Quality Standard. The programme also includes additional resources for Adaptations for disabled tenants and other priority work. This has been allocated pro-rata by housing stock, with £94,950 for adaptations and £189,000 for Other Projects in Lochaber. Some projects relate to more Areas than Lochaber. The total approved HRA Capital Programme which relates to projects including Lochaber for 2015/16 is £11.171m.

2 Current and Proposed Capital Projects

- 2.1 An update for Members on the 2015/16 programme is given in **Appendix 1** which has been amended to include Spend to Date, Estimated Outturn and the Approved Project Cost. At this stage full spend is anticipated with projects completing before the end of the current financial year.
- 2.2 Members will recall that in order to take advantage of the funding provided by E.on a second phase of external insulation work is proposed to 38 Properties in Caol and Corpach with the Council needing to make a contribution of £140,000. This therefore leaves £49,000 of the capital allocation to be assigned.
- 2.3 At the Area Committee on 21 May 2015 the issue of completing external insulation work at the remainder of the properties in Plantation had been raised. The remainder of the properties have been identified and the Energy & Sustainability team have been working with E.on. At the time of writing this report E.on have advised that as the properties already have cavity fill insulation they are not able to provide funding for external wall insulation. When the first phase of the external insulation work at Plantation was carried out external funding was available via Scottish Power. This was because even though the properties are cavity construction they were deemed to be "hard to treat". Further discussion is required with E.on or another utility company to explore the possibility of external funding contribution. An indicative cost of £805,987 has been given by E.on to carry out the work to 75 properties without grant funding. At

present this level of expenditure cannot be met within the current year HRA Capital Programme budget.

- 2.4 At the Area Committee on 21 May 2015 Members agreed to the work to the Swedish Timber houses at Caol as a priority. Members will recall that the work involves removing rotten and damaged timber cladding and replacing this with new. The local Maintenance Officer is liaising with a specialist contractor and work is to commence on 2 pilot properties at 20 Glenpane Street which adjoins a private owner and 1 Cameron Place. A sum of £110,000 was estimated and £49,000 available from the capital programme supplemented by a sum of £61,000 from the revenue Planned Maintenance budget has been set aside to deal with this work. The number of properties will be adjusted up or down as need be to fit the allocated budget.
- 2.5 With regard to all the current heating projects the Contract Administrators have been liaising with the local Principal Housing Officer so that a heating system is chosen which is appropriate for the tenant and which will also ensures the property meets the Energy Efficiency standard as required by the Scottish Housing Quality Standard.

3. Implications

- 3.1 **Resources:** There are ongoing resource implications for future capital works and planned maintenance works which are subject to formal approval by the Community Services Committee of these budgets for future financial years.
- 3.2 **Legal:** There are no known legal implications.
- 4.3 **Climate Change / Carbon Clever:** Investment in heating and energy efficiency through the HRA Capital Programme contributes to Council policy.
- 3.4 **Rural:** there are challenges in achieving the Scottish Housing Quality Standard in rural areas which do not have access to mains gas supply.
- 3.5 There are no known specific equality, Gaelic or risk implications arising from this report.

4 Recommendation

- 4.1 Members are invited to note the status of current capital projects contained in this report.
- 4.2 Members are invited to note that further work is needed to explore possible external funding for Phase 2 of the external insulation work at Plantation.

Designation: **Director of Community Services**

Date: 11 August 2015

Author: Cameron Kemp, Area Community Services Manager (Lochaber, Nairn and Badenoch & Strathspey)

Project	Project Title and Location	Comments	Contractor	Status	Spend to date (31/7/15) £k	Estimated Outturn £k	Approved Project Cost £k
HCC0422	Heating upgrades, Lochaber, Badenoch and Inverness. Upgrade heating systems to air source, biomass, stoves and quantum electric from Total Heating Total Control, solid fuel and electric boilers.	47 Lochaber properties of the 126 in the project. Contract Administrator, FLN Consulting	UKFM Group	Work in progress, started June 2015, completion before end December 2015.	148	1,050	1,374.9
HCC0424	Heating upgrades Lochaber, Badenoch, Nairn and Inverness. Upgrade heating systems to air source, biomass, stoves and quantum electric from Total Heating Total Control, solid fuel and electric boilers.	45 Lochaber properties of the 229 in the project. Contract Administrator, FLN Consulting	Easy Heat Systems	Work suspended due to financial and contractual matters which need resolving. In house Quantity Surveyor appointed to resolve these. 50 houses to complete. Completion date revised from end of December 2015 to end January 2016.	640	1433	2,341.5
HCC0462	Heating upgrades, Lochaber Upgrade heating systems to air source, biomass, stoves and quantum electric from Total Heating Total Control, solid fuel and electric boilers.	265 properties. Contract Administrator, Pick Everard	Easy Heat	Mobilisation and march-ins took longer than anticipated and still underway. Actual work due on site on August 2015 with completion date amended from end of December 2015 to 25 March 2016. Est o/t £3161k and spend to-date £32k. Feasibility work is still taking place in relation to 2 Mini District Heating Schemes for Alexander Square Caol and Foyers Road	32	3,161	3,880

Project	Project Title and Location	Comments	Contractor	Status	Spend to date (31/7/15) £k	Estimated Outturn £k	Approved Project Cost £k
HCC0463	Heating upgrades, Lochaber and Inverness. Upgrade heating systems to air source, biomass, stoves and quantum electric from Total Heating Total Control, solid fuel and electric boilers.	115 Lochaber properties of the 180 in the project. This is a proposed "Scape" project. Scape is a procurement framework owned by four Local Authorities used exclusively to achieve efficiency in public sector works. The Council's Scape partner is Kier Construction Ltd. Contract Administrator, Torrance Partnership		Contract proposals including a revision of unit price were approved by the Housing Programme Group Headquarters Project Board on 24 July 2015.. Anticipated start date early September 2015 and completion date end of February 2016.	0	2,996	3,200
HCC0464 Phase 2	External insulation, Lochaber and Inverness.	Government scheme, Home Energy Efficiency Programme Scotland, Area Based Schemes (HEEPS ABS). Joint funding with utility company E.on and Highland Council. 54 Lochaber properties of the 60 in the project.	E.on	2014/15 Phase 1- 20 Properties in Caol completed March 2015. Total project cost of £155,580 of which £81,004, paid in full, was a council contribution and £74,575 was drawn from Eco funding. 2015/16 Phase 2 – 34 properties, total project cost £265,502 of which £134,536 is the expected council contribution and £130,965 is the expected Eco contribution. Work in progress, anticipated completion by September 2015	0	135	265

Project	Project Title and Location	Comments	Contractor	Status	Spend to date (31/7/15) £k	Estimated Outturn £k	Approved Project Cost £k
TBC if project funding approved	External insulation, Lochaber	To complete external insulation to Plantation, Fort William 75 properties.	E.on	E.on have advised that as the Plantation properties are cavity properties and will not therefore attract any Solid wall funding. Phase 1 was via Scottish Power, funding provided as properties "hard to treat". Further discussion on funding opportunity needed. Indicative cost at this stage to carry our external insulation is £806k.	TBC	TBC	TBC
New Project 2015/16	Remedial work to Swedish Timber houses	Part funded from capital allocation of £49k and planned programme allocation of £61k (see Appendix 2). Current estimated cost of £10,000 per property provides for work to 11 pilot properties. 10 of which are chosen where there is no adjoining private owner. These are 1 & 2, 9 & 10, 13 & 14, 19 & 20 Cameron Place Caol and 1 & 2 Arkaig Crescent Caol. At some point we will need to tackle the Swedish Timber properties that adjoin private owners. In this respect, due to its poor condition 20 Glenpane Street, Caol is being piloted.	Building Maintenance	Investigation reveals deterioration of external timber cladding with remedial work to remedy this disrepair. Local Maintenance Officer liaising with specialist contractor to arrange specification to deal with effected external timber cladding. Two pilot properties, 20 Glenpane Street which adjoins private owner and 1 Cameron Place identified. Anticipated start date end of September 2015 with completion by November 2015. Work to be carried out by Building Maintenance.	0	110	110

					Spend to date (31/7/15) £k	Estimat ed Outturn £k	Approved Project Cost £k
				Totals (excluding phase 2 Plantation external insulation as budget not confirmed)	820,000	8,885	11,171