

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**HOUSING AND PROPERTY SCRUTINY COMMITTEE – 8 JANUARY 2014**  
**REPORT BY THE EXECUTIVE DIRECTOR FOR HOUSING**  
**HOUSING SERVICES**  
**CAPITAL PROGRAMME 2014-15 – 2016-17**

This report presents the proposed Capital Programme 2014-15 – 2016-17 for Housing Services. The total budgeted cost over this 3 year period is:

a) Housing General Fund - £2.51 million of which £1.625 million is Council funded and

b) Housing Revenue Account (HRA) – £49.828 million.

The Housing General Fund Capital Programme includes Disabled Facilities Grants, Renovation Grants and Regeneration Grants for Registered Social Landlords.

The most significant capital projects within the Housing Revenue Account are the main HRA Capital Programme for capital repairs and improvements (£38 million) and the Grenfell Tower scheme (£8.8 million).

The Scrutiny Committee is invited to submit any comments it may have to the Cabinet meeting on 20 February 2014.

**FOR COMMENT**

**1. OVERVIEW**

1.1 This report sets out the proposed capital programme for Housing Services. The projects and programmes detailed in this report set out capital investment related to delivery of these services.

**Proposed Capital Programme**

1.2 The total budget for Housing General Fund schemes over the 3 year period 2014/15 to 2016/17 is £2.51 million of which £1.625 million is

Council funded. The following table summarises the key projects and sources of funding:

| <b>Housing General Fund</b>             | <b>2014/15<br/>£'000</b> | <b>2015/16<br/>£'000</b> | <b>2016/17<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| Disabled Facilities Grant               | 555                      | 555                      | 455                      | 1,565                  |
| Renovation Grants                       | 100                      | 100                      | 100                      | 300                    |
| Regeneration Projects (RSL)             | 215                      | 215                      | 215                      | 645                    |
|   |                          |                          |                          | 0                      |
| <b>Total spending</b>                   | <b>870</b>               | <b>870</b>               | <b>770</b>               | <b>2,510</b>           |
|   |                          |                          |                          |                        |
| External Funding                        | <b>295</b>               | <b>295</b>               | <b>295</b>               | <b>885</b>             |
|   |                          |                          |                          |                        |
| General Resources                       | 575                      | 575                      | 475                      | 1,625                  |
| <b>Total Council (Internal) funding</b> | <b>575</b>               | <b>575</b>               | <b>475</b>               | <b>1,625</b>           |
|   |                          |                          |                          |                        |
| <b>Total Funding</b>                    | <b>870</b>               | <b>870</b>               | <b>770</b>               | <b>2,510</b>           |

1.3 The above table excludes any funding needing to be carried forward from 2013/14 to meet costs arising from slippage.

1.4 The provision for renovation grants has been reduced reflecting the level of demand in recent years.

1.5 The total budget for schemes within the Housing Revenue Account (HRA) over the 3 year period 2014/15 to 2016/17 is £49.828 million. The following table summarises the key projects and sources of funding:

| <b>Housing Revenue Account</b>                  | <b>2014-15<br/>£'000</b> | <b>2015-16<br/>£'000</b> | <b>2016-17<br/>£'000</b> | <b>Later<br/>Years<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|----------------------------------|------------------------|
| Elm Park Gardens                                | 30                       | 0                        | 0                        | 0                                | 30                     |
| Greaves Tower                                   | 5                        | 0                        | 0                        | 0                                | 5                      |
| Grenfell Tower                                  | 5,124                    | 3,700                    | 0                        | 0                                | 8,824                  |
| Holmefield House                                | 11                       | 0                        | 0                        | 0                                | 11                     |
| Housing Revenue Account (HRA) Capital Programme | 10,000                   | 14,000                   | 14,000                   | 0                                | 38,000                 |
| Regeneration Projects (HRA)                     | 250                      | 250                      | 250                      | 100                              | 850                    |
| Silchester Garages                              | 1,037                    | 1,037                    | 0                        | 0                                | 2,074                  |
| Whistler Walk feasibility                       | 34                       | 0                        | 0                        | 0                                | 34                     |
| <b>Total Spending</b>                           | <b>16,491</b>            | <b>18,987</b>            | <b>14,250</b>            | <b>100</b>                       | <b>49,828</b>          |
|   |                          |                          |                          |                                  |                        |
| External Funding                                | <b>34</b>                | <b>0</b>                 | <b>0</b>                 | <b>0</b>                         | <b>34</b>              |
|   |                          |                          |                          |                                  |                        |
| General Resources                               | 250                      | 250                      | 250                      | 100                              | 850                    |
| Housing Revenue Account Funded                  | 10,000                   | 17,700                   | 14,000                   | 0                                | 41,700                 |
| Earmarked Capital Receipts - HPS                | 1,037                    | 1,037                    | 0                        | 0                                | 2,074                  |
| Earmarked Capital Receipts - Other              | 5,170                    | 0                        | 0                        | 0                                | 5,170                  |
| <b>Total Council (Internal) Funding</b>         | <b>16,457</b>            | <b>18,987</b>            | <b>14,250</b>            | <b>100</b>                       | <b>49,794</b>          |
|   |                          |                          |                          |                                  |                        |
| <b>Total Funding</b>                            | <b>16,491</b>            | <b>18,987</b>            | <b>14,250</b>            | <b>100</b>                       | <b>49,828</b>          |

- 1.6 It should be noted that the above tables show expenditure arising from 2014-15 onwards. Any expenditure incurred prior to April 2014 is excluded and so in some cases the full cost of the scheme is not shown in the table.
- 1.7 Provision of £9.7 million has been set aside to undertake development work at Grenfell Tower. This comprises investment on the current building including windows renewal and new heating and hot water services, the provision of 7 new 'hidden home' flats and the relocation of the nursery and boxing club. Of this provision, approximately £900,000 has been assumed to be incurred by March 2014. Any slippage will be carried forward to 2014/15 and increase the provision shown in the above table. The costs of this scheme are being partly funded from capital receipts arising from the sale of basements at Elm Park Gardens.
- 1.8 The work undertaken by Savills has helped to determine the level of investment needed to maintain the current stock to an agreed standard. This suggests expenditure of £100 million is needed over the next 5 years. An Asset Management Strategy is currently being developed which will help to address priorities for investment and in turn determine the level of funding required over the medium term. However, to partly address the shortfall in resources, additional funds are being drawn down from the working balance. This has enabled the HRA Capital Programme covering 2014/15 to 2016/17 to be increased to £38 million.
- 1.9 The Council agreed to contribute £2.9 million towards the Silchester Garages scheme which will result in the development of 112 new properties in the borough. Costs of approximately £900,000 are assumed to be incurred by March 2014, the balance of £2 million will be paid over to Peabody Housing during 2014/15 and 2015/16. This contribution is being funded from the surplus arising on the Holland Park School site.
- 1.10 A feasibility study is being undertaken to consider whether the former children's home at Whistler Walk could be developed to create additional housing. Funding arrangements would need to be agreed prior to any scheme progressing.
- 1.11 The Council intends to create a Traffic Management Order covering all parking areas on HRA land, this will enable an effective enforcement regime to be maintained following recent changes in Government legislation. A Key Decision will be taken following statutory public consultation. The implementation costs are estimated to be in the region of £100,000, some of which will be charged to the Capital Programme. The cost and funding arrangements will be

confirmed as part of the Key Decision process, the Capital Programme will then be amended accordingly.

- 1.12 A number of other capital projects within the HRA are currently being considered. The Capital Programme will need to be updated as these schemes are progressed and funding identified.

## **2. LEGAL AND PERSONNEL ISSUES**

- 2.1 The capital programme includes a number of schemes to upgrade and improve the buildings portfolio of the Business Group. This will benefit the physical environment for both service users and staff.

## **3. DIVERSITY IMPLICATIONS**

- 3.1 The Council's buildings provide services to customers and clients with a wide range of backgrounds and abilities. The Council's Equality Scheme and Action Plan commit the Council to improving the accessibility of its buildings. The Capital Programme therefore includes a number of schemes designed to achieve these improvements. The implications of individual projects are either included in the Capital Budget Reports submitted to the Scrutiny Committees or will be included in more detail in the relevant Key Decision Reports.

## **4. ENVIRONMENTAL SUSTAINABILITY**

- 4.1 The Council's Environment Strategy sets out how the Council will demonstrate leadership in developing sustainable solutions to environmental problems. This includes how the Council can influence good practice from its suppliers and contractors through procurement policies and the application of whole life costing.
- 4.2 All capital bids are required to describe how the objectives of the Environment Strategy will be met and how the scheme explicitly takes account of its own impact on the environment, both within and outside the Royal Borough.

## **5. RECOMMENDATIONS**

- 5.1 The Scrutiny Committee is invited to refer any comments on the Housing Services draft Capital Budget to the 20 February 2014 Cabinet for their consideration.

**FOR COMMENT**

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**Director of Housing**

**Background papers**

Capital Programme files 2014-15 to 2016-17.

**Officer contact/s**

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