

## BOROUGH OF KETTERING

<b>Committee</b>	<b>MONITORING AND AUDIT</b>	Item A6	Page 1
<b>Report Originator</b>	John Conway Head of Housing	<i>Fwd Plan Ref No:</i> A17/064	
<b>Wards Affected</b>	Pipers Hill	5 <sup>th</sup> February 2019	
<b>Title</b>	<b>HOMES FOR THE FUTURE - MONTROSE HOUSE PROJECT REVIEW</b>		

**Portfolio Holder: Councillor Mark Rowley**

### **1. PURPOSE OF REPORT**

- 1.1 This report reviews the capital project to refurbish Montrose House, Hampden Crescent, Kettering, which was undertaken as part of the Homes for the Future programme.
- 1.2 The report evaluates the success of the project in relation to its original aims, financial objectives and customer satisfaction, and considers learning points for future schemes.
- 1.3 Project Reviews will be prepared and reported to Monitoring and Audit Committee for all major capital projects in future as a matter of routine.

### **2. INFORMATION**

- 2.1 Kettering Borough Council's housing refurbishment programme, Homes for the Future, aims to improve older council housing so that it continues to be fit-for purpose, easy-to-let and low-maintenance over the long term. For our customers, Homes for the Future offers warmer, safer and more energy-efficient homes.
- 2.2 Hampden Crescent comprises two three-storey blocks which were originally constructed in 1927. Each block contained 11 three-bedroom flats and two shops. The accommodation provided by these blocks was outdated, difficult to heat, hard to let and no longer considered to be fit for purpose. The communal areas acted as magnets for anti-social behaviour. Specific issues which needed to be addressed were:
  - The blocks of three bedroom flats were unsuitable for larger families with small children as they had very small kitchens and bathrooms, and lacked safe areas for play.
  - The enclosed internal staircases fostered anti-social behaviour as casual surveillance was poor.
  - Energy loss was high and fuel bills were expensive due to the solid wall construction of the buildings.
  - The timber floors provided poor sound insulation between flats.

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 2
-----------	-----------------------------	------------	--------

- Heating installations, kitchen fittings and sanitary ware were in poor condition and required replacement.
- Household waste was disposed through chutes which were frequently blocked and resulted in a fire hazard.

### **3. PROJECT OBJECTIVES**

3.1 The project had four primary objectives:

- To redevelop the existing three-bedroom flats to provide new one and two-bedroom apartments and wheelchair accessible accommodation, in line with the priorities of the Housing Strategy 2015-20.
- To refurbish the living accommodation to create homes which meet the 'Homes for the Future' standard
- To provide a warm and energy efficient home environment for residents with low fuel costs.
- To create a safer, more attractive neighbourhood with lower levels of anti-social behaviour.

### **4 WORKS PACKAGE**

4.1 Works to the first block at Hampden Crescent, Montrose House, commenced in January 2017 and were completed in August 2018.

4.2 The package of works to the block comprised:

Redevelopment of the existing 11 three-bedroom flats to provide 18 new one and two-bedroom properties including wheelchair accessible accommodation.

- *12 one-bedroom apartments and two two-bedroom apartments were created on the first and second floors of each block.*
- *Four one-bedroom apartments to wheelchair standard were provided on the ground floor of each block.*

Refurbishment of living accommodation to create homes which meet the 'Homes for the Future' standard

- *Central heating and hot water system powered by air source heat pump*
- *New fitted kitchens.*
- *New sanitary ware to bathrooms.*
- *All flats incorporate a shower over the bath.*
- *Wheelchair flats have level access showers.*

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 3
-----------	-----------------------------	------------	--------

- *Sound proofing to floors and internal walls to reduce noise transfer.*
- *Full redecoration.*
- *Secure by design fire doors to flat front entrances.*
- *Solid flush doors to internal rooms.*

A warm and energy efficient home environment for residents with low fuel costs.

- *External wall insulation.*
- *Thermo-boarding to internal walls backing onto solid outside walls.*
- *Photo Voltaic panels to the roof to supply free electricity for the communal lighting and for the boiler plant room.*
- *Energy efficient windows.*

A safer, more attractive neighbourhood with lower levels of anti-social behaviour.

- *Three new enclosed glazed staircases and key fob entry, to the rear of the blocks.*
- *Hard and soft landscaping to increase defensible space around ground floor flats and reduce opportunities for crime and anti-social behaviour.*
- *LED lighting to the rear of the blocks to eradicate dark corners.*
- *A new enclosed bin storage area on the rear boundary away from the main block to reduce the risk of fire.*
- *New car parking spaces including spaces for disabled users.*

### **5 PROJECT OBJECTIVES AND OUTCOMES**

5.1 This section of the report reviews the success of the project in meeting each of its four primary objectives.

5.2 **To redevelop the existing three-bedroom flats to provide new one and two-bedroom apartments and wheelchair accessible accommodation, in line with the priorities of the Housing Strategy 2015-20.**

5.2.1 On Keyways, there are currently 299 households requiring one bedroom accommodation and 186 households with a need for two bedroom accommodation. 17 of these households have an urgent requirement for wheelchair accessible housing.

5.2.2 Previously, Montrose House contained 11 three bed flats which provided a poor home environment for family life and were difficult to let. Now, the block contains 18 one and two bedroom flats which are meeting a pressing need for social housing and, in particular, wheelchair accessible accommodation. Given the severe pressures on housing in this Borough, Montrose House,

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 4
-----------	-----------------------------	------------	--------

together with Hamilton House, will make a significant contribution to meeting housing need and reducing homelessness across the Borough over the coming decades.

### 5.3 **To refurbish the living accommodation to create homes which meet the 'Homes for the Future' standard**

5.3.1 The Hampden Crescent blocks were constructed over 90 years ago and are amongst the oldest properties in the Council's housing portfolio. In fact, more than a third of the 3,669 local authority homes within the borough were built before 1945. It is essential that, over the long term, our older housing stock continues to meet local housing needs and remains easy-to-let. Accordingly, this project is a key component of the Housing Strategy 2015-2020 as it helps to ensure that older council housing will continue to play a valuable role within the local housing market for years to come.

### 5.4 **To provide a warm and energy efficient home environment for residents with low fuel costs**

5.4.1 The installation of an air source heat pump, photovoltaic panels and external insulation have resulted in warmer homes for residents and much lower energy costs. In addition the Housing Revenue Account will receive income of £9,000 per annum from the grid for electricity produced by the photovoltaic panels.

### 5.5 **To create a safer, more attractive neighbourhood with lower levels of anti-social behaviour**

5.5.1 The creation of a safe and secure home environment for residents has been a priority for this project. Montrose House is protected by a door entry system and Secure by Design flat entrance doors. The communal areas within and around the block are brightly lit and have been designed to encourage casual surveillance. Low walls and railings have been installed to create semi-private spaces around ground floor flats. A location that was previously blighted by crime and anti-social behaviour now provides a safe and attractive residential environment.

## **6 FINANCIAL CONSIDERATIONS**

6.1 At its meeting on 21 September 2016, the Executive Committee approved a capital budget of £1.9 million for the refurbishment of Montrose House as shown in Table 1 overleaf:

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 5
-----------	-----------------------------	------------	--------

**Table 1: Original Capital Budget for Montrose House**

	Budget £
Construction works	1,622,000
District heating scheme	175,000
Salaries	93,000
Architect fees	10,000
<b>Total estimated cost</b>	<b>1,900,000</b>

6.2 During the course of the contract, a need for additional works was ascertained. As set out in a report to the Executive Committee on 14 November 2018, these works comprised:

- Enhancements to the specification in order to reduce maintenance liabilities and minimise long term revenue costs
  - Installation of structural steelwork to support the roof
  - Application of new plastering throughout the block rather than the patch plastering which was originally planned;
  - Installation of photo voltaic panels on the roof to provide lighting in the communal areas.
  - Purchase of data monitoring equipment for the heating system
- Items which were identified after demolition and opening-up works had taken place, and which could not have been reasonably foreseen beforehand.
  - Installation of steel lintels above window openings as the original lintels were found to be inadequate
  - Re-levelling of the first and second floors as the floor level was found to vary in different parts of the block
  - Construction of sleeper walls to support the new flooring on the ground floor
- A number of items in the original specification for the project, which was produced by a consultant, had been omitted in error and some other items had been incorrectly designed.

6.3 These works resulted in an additional cost of approximately £480,000, as set out in Table 2 overleaf.

## BOROUGH OF KETTERING

<b>Committee</b>	<b>MONITORING AND AUDIT</b>	Item A6	Page 6
------------------	-----------------------------	------------	--------

**Table 2: Breakdown of Project Costs for Montrose House**

	Budget £	Out-turn £	Variance £
Construction works	1,622,000	1,911,201	289,201
District heating scheme	175,000	279,919	104,919
Salaries	93,000	117,496	24,496
Architect fees	10,000	71,136	61,136
<b>Total estimated cost</b>	<b>1,900,000</b>	<b>2,379,752</b>	<b>479,752</b>

- 6.4 When refurbishing existing buildings it is inevitable that a need for additional works will be identified as demolition takes place and the building is opened up. The scale of the variations on this project reflects the fact that the building is more than 90 years old, new technologies have been utilised and the block has been totally remodelled.
- 6.5 Despite the increase in costs over the life of the project, the out-turn building costs at Montrose House are comparable to other housing development projects in the Borough. The unit cost at Montrose House of £132,000 compares with projected unit costs of £132,000 at Scott Road and £138,000 at Albert Street for example.
- 6.6 Montrose House will generate income for the HRA which will be reinvested in better services and decent homes for tenants. The annual rental income for the 18 new homes in Montrose House will be around £68,000 – an increase of £64,710 on the £3,290 income for 2016/17 before refurbishment work started. This means that the Council will be receiving around 20 times the income it was receiving prior to refurbishment. In addition, as mentioned above, the Council will benefit from an annual income of £9,000 from the sale of electricity generated by the photovoltaic panels.

## **7 CUSTOMER IMPACT**

- 7.1 A customer satisfaction survey was sent to all 18 households in October of which eight (44.4%) were returned. Respondents were asked to answer four questions on a scale of 1-5 with 1 – very dissatisfied, 2 – fairly dissatisfied, 3 – neither, 4 – fairly satisfied, 5 - very satisfied
- 7.2 The questions and responses are as follows;
1. How satisfied are you with your refurbished flat?  
6 answered 'very satisfied' (85%), 1 answered 'fairly satisfied (15%)

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 7
-----------	-----------------------------	------------	--------

2. How satisfied were you with the communication from KBC when you first moved in?  
6 answered 'very satisfied' (85%), 1 answered 'neither' (15%)
3. How satisfied are you with the new district heating system?  
5 answered 'very satisfied' (83%), 1 answered 'fairly satisfied' (17%), 1 respondent did not answer this question
4. How satisfied are you with the layout of the new development?  
6 answered 'very satisfied' (85%), 1 answered 'fairly satisfied' (15%)

7.3 Residents also commented on their new homes, as follows

*"Lovely 1927 solid building, with an amazing refurb on top! Everything is really well done and spacious, the stairs etc look so nice as well, the layout in my flat is really good, lovely kitchen living area, I am sooo lucky, thank you x"*

*"I think the idea of renovating of old buildings into new flats is brilliant!!!"*

*"I am delighted with my new home. The process has been so smooth and all the staff so helpful. There were a few delays with moving in which meant I had to stay with my son for a couple of weeks, but I was kept informed throughout. I am finding the rent really reasonable compared to my last property and the flat is really quiet thanks to the improved insulation. My electric is only costing £5 week so far which really helps me manage. I was also really pleased with all the extra touches such as door stoppers, cleaning pack and extra sockets."*

*"I feel really happy living here."*

## **8 LEARNING POINTS FOR FUTURE PROJECTS**

- 8.1 With all major capital projects, there are learning points which will be taken on board when undertaking future schemes. The main learning points from the Montrose House project are set out below:
- The specification for the second block at Hampden Crescent, Hamilton House, has been revised to reflect the issues encountered at Montrose House.
  - The process for selecting technical consultants has been reviewed to ensure that the Council's processes are as rigorous for consultants as they are for building contractors and, specifically, to ensure that the experience and expertise of personnel working on projects meets the requirements of the Council.
  - Changes to the processes for monitoring projects within the HRA capital programme were already underway as part of the Reinventing Repairs service improvement programme and these will benefit all future capital

## BOROUGH OF KETTERING

Committee	<b>MONITORING AND AUDIT</b>	Item A6	Page 8
-----------	-----------------------------	------------	--------

projects. In this regard, arrangements for monitoring actual and projected expenditure for each project will be formalised and form part of a monthly review of the HRA capital programme, commencing in April.

- In the same vein, the HRA capital programme report which is considered by Tenants Forum every month will be revised to provide a better overview of the Council's success in delivering the approved programme.

### **9 CONCLUSION**

- 9.1 From the feedback provided from residents, the Montrose House project has clearly succeeded in meeting and even surpassing the expectations of tenants. The project has also been successful in ensuring that the block will provide safe, secure and energy efficient homes and meet housing needs within Kettering for decades to come. Although the project cost has exceeded the initial budget, the final cost of works is comparable to similar projects and Montrose House will generate significant additional income for the HRA and reduce expenditure on day-to-day maintenance.

### **10 RECOMMENDATION**

The Monitoring and Audit Committee is asked to note the report and comment on its contents.

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#### Background Papers:

Title of Document: N/A

Date: -

Contact Officer: John Conway

#### Previous Reports/Minutes:

Ref: N/A

Date: -