

Thursday, 26 October 2023

## Report of the Portfolio Holder for Housing and Planning

### Virement of Funds within Housing Capital Programmes.

#### Exempt Information

Not exempt.

#### Purpose

To agree the virement of funds from within existing budgets to enable payment for the Soil Ventilation Pipe works project which has overspent budget by £215,000 due to unforeseen additional works identified as the project has progressed. Virements of budgets of a value greater than £100,000 requires Cabinet approval.

#### Recommendations

It is recommended that Cabinet agree the virement of funds from existing underspent budget's within the 2023/2024 Capital programme as set out below:

- £124,250 from CR4028 (High Rise Refuse Chute Renewals).
- £90,750 from CR4024 (High Rise Ventilation).

#### Executive Summary

The Soil Ventilation Project involved the replacement of the whole sections of Soil Ventilation Pipes in all six high rise blocks and has a budget of £2,510,000.

As the project progressed, a number of additional and unanticipated works were identified resulting in additional costs. As these issues were identified once work had commenced it was not feasible to halt the project and seek additional budget as this would have greatly inconvenienced residents and led to further additional costs due to the need to remobilise the works. The unanticipated works included-

**Contaminated flooring with asbestos.** This contamination is costly to remove and is notifiable to both the Health and Safety Executive and the building control service. This contamination was not anticipated as this is not a usual feature in these types of works and materials. Preliminary sampling was undertaken but the issues were not present in every property and unfortunately not present in the preliminary samples taken. This meant that it was only as invasive works commenced on a property by property basis and routine testing was undertaken that the extent of the problem became apparent. A sample asbestos report relating to this issue is attached at Appendix A.

**Drainage issue with existing drainage infrastructure.** Once the Soil ventilation pipe was running freely it became apparent that the main sewer could not cope with the extra demands put on it. This required further works including the excavation to two meters depth and replacement pipe sewers. Although the main sewer is in the ownership of Severn Trent the cost falls to the Council for these improvements to be undertaken.

**Modification of the movement of the Soil Ventilation Pipe.** Once existing soil ventilation piping was revealed it was identified that this was closer than anticipated to the sprinkler ducting. This required the run of pipes to be modified and moved on most blocks at the point where the sprinkler pipework enters the flat. Re-fitting of the sprinkler

system pipework was then required due to the original pipework's interfering with the soil ventilation pipe install.

**The removal of additional interior walls.** To accommodate the unique design in Peel House it was necessary to remove and replace internal walls. The design of the Soil Ventilation pipe in Peel House was located behind the bathroom wall as well as the kitchen walls so the wall had to be taken down in the kitchen and rebuilt for this block in all flats.

## **Leaseholders**

Leaseholders were served with the section 20 notices in March 2022 reflecting the original project costs but were not asked to pay any additional amounts other than the original quote received from the contractor. This is because it was not possible to cease works to undertake additional consultation and therefore the Council does not have the right to require additional payment from leaseholders. In addition, the increase in costs would not fall within the scope for a retrospective application to be made to the First Tier tribunal.

## **Alternative Options Considered**

### **1. Cease the project or pause the works whilst additional funding is approved.**

Due to the nature of these works and given that invasive work had commenced ceasing or pausing works would have meant significant disruption for residents, including the necessity for some residents to be decanted from their homes. It should also be noted that these works are necessary and will provide lasting benefits for residents and reduce future maintenance costs for the Council's asset.

The option of pausing or ceasing works was therefore not considered viable.

### **2. Allow the budget to overspend.**

It is possible for the Council to allow for a 'managed overspend' of the budget. However, as there are underspent budgets elsewhere in the Capital programme relating to the High Rise the proposed virements are considered the best option. Clearly, overspending the budget rather than agreeing to the proposed virements have the same impact on the bottom line for the overall Housing Revenue Account Capital programme.

Allowing a managed overspend of the budget is not therefore considered the best option.

## **Resource Implications**

The additional costs of this project will be paid from virements from savings and underspends across other existing capital budgets.

- £124,250 from CR4028 (High Rise Refuse Chute Renewals). This budget is underspent as the projected works have now been completed at a lower than anticipated cost.
- £90,750 from CR4024 (High Rise Ventilation). Due to changes in related regulations this project has required redesign and re-specification and is scheduled for 2024/2025. Budgetary provision has been made in the draft Capital programme for 2024/2025.

## **Legal/Risk Implications Background**

The Council is contractually required to make payment to the contractor for works completed.

The risk of halting the works as the additional works were identified included significant inconvenience for residents and additional costs arising from the need for remobilisation of the contractor.

**Equalities Implications**

None arising because of this report.

**Environment and Sustainability Implications (including climate change)**

Nothing noted here.

**Report Author**

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**List of Background Papers**

n/a

**Appendices**

Appendix A – Sample Asbestos report.

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