

## THE EXECUTIVE

24 FEBRUARY 2004

### REPORT OF THE DIRECTOR OF HOUSING AND HEALTH

<b>HOUSING INVESTMENT PROGRAMME FOR 2004/5/6</b>		<b>FOR DECISION</b>
<p><i>This report seeks Executive approval to proposals for establishing a Housing Investment Programme for the next two years.</i></p>		
<p><b><u>Summary</u></b></p> <p>This report sets out the basis for establishing a programme of investment until such time as Housing Futures Project is completed in July 2005. It sets out available resources and proposes how these can be expended in line with Best Value principles over the coming two years. If approved a further report will be submitted in March setting out the results of the assessment and recommending individual projects to be undertaken.</p>		
<p><b><u>Recommendations</u></b></p> <p>The Executive is asked to agree:</p> <ol style="list-style-type: none"><li>1. To the approach to the Investment Programme for 2004/5/6 set out in paragraph 1.3;</li><li>2. That a further report be submitted once the assessment proposed has been completed;</li><li>3. To the budget and provisional allocation of resources for 2004/5/6 set out in paragraph 2;</li><li>4. The extension of the existing Stock Survey to meet the needs of Housing Futures Study; and</li><li>5. To delegate authority to The Director of Housing and Health to negotiate with surveyors who undertook the 2002 Stock Condition Survey, NBA, to extend the survey to meet the needs of the Housing Futures Study as detailed in paragraph 3.7.2.</li></ol>		
<p><b><u>Reason</u></b></p> <p>Approval is required to enable the necessary design work and procurement to proceed.</p>		
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## 1. **Background**

- 1.1 In 2000 Central Government devised the Decent Homes Standard and required all Local Authorities ensure their homes comply with it by 2010. More recently the Government has broadened the scope of this by introducing the concept of "liveability" which looks beyond the home itself into what makes a good place to live. In response to this the Council in 2001 adopted a Decent Homes Plus Standard which all its homes should reach by 2010.

In 2003 to ensure the overall Decent Homes Target is met government placed a requirement on all Local Authorities to carry out an assessment of how best to meet this target. This Assessment must be completed and approved by government by July 2005.

The Council, through its Housing Futures initiative is engaged on this long term assessment of its housing stock. This will identify not only the overall investment needs to achieve & maintain homes at the Decent Homes Standard (DHS) over the next 30 years but also how best to meet this.

- 1.2 Since overall long term investment decisions must await the outcome of the Option Appraisal the Capital Programme for the intervening two years (2004-6) needs to make investment where its long term benefit is assured and the works envisaged represent good value for money.

- 1.3 In line with our Business Plan in assessing property for inclusion in this programme regard needs to be made to

1. Maintaining asset value
2. Meeting or maintaining the Decent Homes Standard
3. Distribution of benefits (how many tenants would benefit)
4. Suitability for future use
5. The contribution to meeting the Council's wider Community Priorities.

It is proposed that in addition this assessment should include whether there are, as yet, unfulfilled commitments to undertake works.

Secondly in identifying the scope of works to be undertaken we need to ensure they

1. are required to meet or preserve the DHS
2. are timely and are not brought forward unduly.
3. can be economically undertaken as a package.
4. can be completed by the end of 2005/6.
5. make a real difference in improving the life of residents.

Finally recognition needs to be given to urgent works required to ensure homes remain habitable.

- 1.4 A second report will be submitted to the Executive on 9<sup>th</sup> March 2004 giving the outcome of the assessment process in 1.3 above and recommending individual projects to be progressed over the next two years. This report will also show the number of homes that will be made or kept Decent over this period.

- 1.5 Key to achieving both a “fit for purpose” assessment and a coherent 2004-6 Capital Programme is comprehensive and up to date information on stock condition. The current Stock Condition Survey was completed in 2001 and has been updated annually to reflect works undertaken each year. Whilst this has been sufficient for establishing Decent Homes it is not adequate to fully identify long term investment needs especially for high rise properties. Work is currently in hand to augment the existing survey to ensure it meets this broader need.

## 2 Resources and Budget Allocation

- 2.1 The Council’s overall capital budget report is elsewhere on this agenda and proposes a budget for Housing as follows:

Carry forward from 03-04	2004/05	2005/06	Total
£3m	£38.9m	£31.5m	£73.4m

This figure is some £9.6m lower than would have been the case had the ring fencing rules not been changed and consequently restricts the Council’s ability to meet it shorter term Decent Homes Targets.

- 2.2 Given the reorganisation of the investment programmes and procurement currently underway it is not possible to fully commit expenditure to match this annual profile and ensure best value. However it is considered possible to achieve full expenditure of these resources in line with Best Value over the two year period.
- 2.3 The table below shows a draft budget breakdown into proposed programme areas which achieves this aim and maximises the delivery of Decent Homes. A detailed explanation of each of the headings is given in section 3 below

		2004/5	2005/6	Total
MAKING/KEEPING HOMES DECENT	Enveloping – low rise	5,100	4,000	9,100
	Enveloping – high rise	0	1,000	1,000
	Enveloping – Sheltered blocks	1,600	400	2,000
	Internal works – kitchens & bathrooms	4,600	6,000	10,600
	Roofing	3,400	5,000	8,400
	Central heating	2,000	2,000	4,000
	Rewiring	1,000	1,200	2,200
	Voids	5,000	5,000	10,000
KEEPING HOMES VIABLE	Lifts	1,200	1,400	2,600
	Asbestos	1,500	2,000	3,500
	Mains Services (& tanks)– high rise	500	1,000	1,500

KEEPING HOMES SECURE	CHP security works	2,000	2,250	4,250
	High rise security/lobbies	500	1,500	2,000
	Communal Lighting	400	400	800
ADAPTING HOMES	Adaptations for those with disabilities	600	600	1,200
	Alarms to Sheltered properties	200	300	500
CONTINGENCY	Includes works to contaminated land (2%)	500	5 00	1,000
MANAGEMENT	Management costs	4,000	4,000	8,000
	Asset management assessment & systems	400	350	750
<b>TOTAL</b>		<b>34,500</b>	<b>38,900</b>	<b>73,400</b>

*Figures in £,000's.*

### **3. Programme Composition**

3.1 In September and December 2003 the Executive agreed reports which identified the need to reorganise the way investment in its housing Stock will be made in future. A great deal was achieved under Shape Up and other programmes but the Housing Futures process has highlighted the need for more coordinated investment backed by modernised procurement arrangements. To reflect both this and the Council's priority of meeting Decent Homes Plus, proposals are now made to reshape the focus of investment in the shorter term. This new breakdown is also aimed at more closely following the priorities of both tenants and the Council. Broad priority areas are proposed which are then divided into specific programmes of activities.

#### **3.2 MAKING/KEEPING HOMES DECENT**

##### **3.2.1 Enveloping - Low Rise**

This allows for completion of the works outstanding on Shape-Up and the introduction of a new programme to complete the outstanding works to Shaped Up properties, including building fabric repairs

##### **3.2.2 Enveloping - High Rise**

The long term future of all High Rise homes will be determined through the Housing Futures process. The focus on Decent Homes Delivery means that works to these blocks will largely await this outcome. £1m has been identified in 2005/6 to provide for fees and any urgent works required to these blocks once Housing Futures is complete. Any urgent works in 2004/5 would need to be funded from the Contingency allowance

### 3.2.3 Enveloping – Sheltered blocks

The long term future of Sheltered Accommodation will be determined through the Review which is currently underway and more broadly be Housing Futures. Works to Kilsby Walk have already been tendered and are due to start shortly. The budget proposed meets the costs of these works together with an allowance of £500,000 for fees and urgent works once the review and Housing Futures are complete.

### 3.2.4 Internal works – kitchens & bathrooms

This is the budget for the replacement to the “MRA” programme currently closing down.

### 3.2.5 Roofing

This would primarily address those properties which have not been re-roofed under Shape Up but which require such works to meet the Decent Homes Standard in the next two years.

### 3.2.6 Central heating

Similarly, here are a number of properties which either have partial or no (*where this has been previously refused*) Central Heating and need new heating to meet the Decent Homes Standard. This budget would also allow for replacement heating where this is urgently required.

### 3.2.7 Rewiring

As with Roofing and Heating there are a considerable number of homes which require new up to date electrical wiring.

### 3.2.8 Voids

A programme has already been established with Thames Accord to upgrade void properties to the Decent Homes Standard where this can be economically achieved. This budget would allow this programme to be further developed.

## 3.3 KEEPING HOMES VIABLE

### 3.3.1 Lifts

A number of blocks are served by lifts, which are over 20 years old, are subject to increased breakdown (and hence higher maintenance costs) as well as delivering a poorer service to tenants. This budget would allow for their replacement on a worst first basis.

### 3.3.3 Asbestos

This budget is aimed at meeting the costs of removing asbestos where it is necessary to do so in the course of other works being undertaken.

### 3.3.4 Mains Services (& tanks) – high rise

In the same way that many lifts are reaching the end of their economic life other services are suffering deterioration. This budget would allow for planned replacement rather than ad hoc repair in a number of areas. It would also provide for the installation of new electrical mains where existing capacity is too low to meet future need in the short term.

### 3.4 KEEPING HOMES SECURE

#### 3.4.1 CHP security works

The existing programme which started in 2003/4 has been slightly delayed due to changes in Leaseholder recharge legislation. The programme has been subject to extensive consultation with CHPs and is proving popular. It is therefore proposed that an additional allocation of £1m per annum is made for each of the next two years to be allocated on the basis previously agreed.

#### 3.4.2 High rise security/lobbies

A number of high rise blocks suffer from a very poor environment at entrance level. As an interim measure pending the outcome of the Options Appraisal it is proposed to introduce a budget specifically tackling this problem. Selection of schemes and allocation of resources would, as with the other security works by via consultation with the CHPs. It is envisaged that these works would usually follow on from works ensuring entrance areas are secure.

#### 3.4.3 Communal Lighting

It has been shown both nationally and within London that improvements to lighting in common areas has a considerable effect in both reducing the fear of crime and crime itself. It is proposed to have a specific budget to address this issue. Again schemes would be brought forward on the basis of consultation with the CHPs and would focus on areas where other security works have not been identified.

### 3.5 ADAPTING HOMES

#### 3.5.1 Adaptations for those with disabilities

The budget for adaptation of Council Homes has been set at £400,000 for the last few years. This has proved inadequate to meet needs and is overspent in the current year. It is proposed that the budget be increased to £600,000 for each of the next two years to more closely align budget with needs. A review will also be undertaken to ensure good value for money is achieved through this increase.

Disabled adaptation programme could achieve more than current level of budget allocation in this financial year. Since the MRA budget is currently under spending and following the discussion at the Capital Monitoring Group we recommend a further allocation of £250k to adapt more Council properties this financial year (2003/4).

#### 3.5.2 Alarms to Sheltered properties

A Service Review of Sheltered Housing is currently underway and is due for completion later in the year. It is already apparent that a number of existing alarm systems within flats have reached the end of their useful life and are beginning to fail. Much of this equipment is outmoded and replacement parts are no longer available. The review will look at the possibility of introducing newer technology which is more versatile but requires less "hard wiring" into the buildings. Initially this budget will be used for urgent replacement works with the overall renewal of systems dependent on the outcome of the Service Review

### 3.6 CONTINGENCY

This includes works to contaminated land this has been allowed at the rate of around 1.5% of the overall Programme. It is proposed that this be kept under periodic review and if not required, be allocated to allow further programmed works to proceed

### 3.7 MANAGEMENT COSTS

3.7.1 Management costs shown are consistent with those for previous years. The Construction and Procurement Team (CPT) is currently undergoing reorganisation and a report on this will be submitted in due course. It is not anticipated management costs will rise through this process.

#### 3.7.2 Asset Management Assessment & Systems

As part of the reorganisation of CPT a fundamental review of the support systems and infrastructure is being undertaken in conjunction with MACE. This will lead to the introduction of a new computer based comprehensive asset management system.

To underpin this new approach to investment as well as the Housing Futures Study of the Council's Homes it is essential that our existing Stock Condition information is comprehensive and up to date. The Council's existing survey was undertaken in 2002. Whilst it met the needs for such information identified at that time it now needs to be extended to fully identify future investment needs especially around issues of liveability which particularly affect high rise homes.

If it is to fully inform the Housing Futures completed data needs to be available by May/June 2004. To achieve this, additional data will be obtained from a variety of sources within the Council which then needs to be integrated with the existing information to give a consistent overall picture.

Given the short time available to achieve this, the Executive is asked to delegate, to the Director of Housing & Health, authority to extend the existing appointment of NBA (who undertook the original survey and annual updates) to cover this additional work. The estimated cost of this is £80,000.

## 4. **Conclusion**

4.1 If the Executive endorse the approach and broad budget given above officers will make an assessment of properties and potential works as set out in paragraph 1.3. A further Report will then be submitted for approval on 9<sup>th</sup> March proposing specific programmes and projects to be undertaken as well as identifying the properties to which they would relate.

This report would also provide a breakdown of what each of these are aimed at achieving against time and would hence form the basis for future monitoring of performance.

## **People Consulted**

Colin Rigby, Head of Finance - Housing & Health

Mary Olawale, Investment & Resource Manager

Jim Mack, Head of Asset Management & Development

## **Background Papers**

The Council's Capital Programme 2003/4