

Item No. 12.	Classification: Open	Date: 15 September 2015	Meeting Name: Cabinet
Report title:		Major Works Status Report incorporating Warm, Dry and Safe	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Richard Livingstone, Housing	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING

This report is to update cabinet on the major works programme for council housing in the borough, in particular progress being made in making every council home Warm, Dry and Safe and achieving the decent homes standard. The report also updates Cabinet on work being undertaken in the first year of works to provide every council tenant with a quality kitchen and bathroom, and on the work being carried out in partnership with British Gas to provide better heat insulation for nearly 7,000 homes across the borough.

In December 2009, the Audit Commission damned Southwark Council's management of its housing stock when it identified that 45% of council homes failed to meet the decent homes standard and that matters would not improve from that level for the following two years. The fact that by March 2016 90% of our homes will now meet this standard therefore demonstrates substantial progress over the last four years. Over £280m has been invested in that period to make sure our homes are Warm, Dry and Safe.

RECOMMENDATIONS

That cabinet:

1. Notes the status of the housing investment programmes at March 2015 with particular reference to achieving the Warm, Dry and Safe (WDS) standard.
2. Notes that the current WDS investment is on course to be fully committed by the end of 2015/16 and that first year of delivering the kitchen and bathroom guarantee will be delivered alongside the final year of the WDS investment.
3. Notes the target at the end of 2015/16 is achieving 90% decency which will be the highest decency figure Southwark has achieved. The pre-WDS figure was 56% in April 2010.
4. Notes the work that has been delivered to nearly 7,000 homes in partnership with British Gas to deliver environmental improvements including roofs, windows and insulation work at a notional cost to Southwark.
5. Notes that over 15,000 properties had received works or were in the process of receiving works to their homes or blocks at March 2015.

6. Notes the current programmes resources and that revised resources will be presented to cabinet as part of a detailed affordable funding plan to support housing investment in new council homes and the existing stock. This will also encapsulate the quality kitchens and bathroom guarantee.
7. Notes that this report will be sent to Home Owners Council and Tenant Council following cabinet approval.

Summary

8. It is a key priority of the council to make every home in Southwark warm, dry and safe. This paper is to give an interim update on the WDS investment as at the end of March 2015.
9. Over £280m has been spent on delivering WDS to March 2015 and is on course to be fully committed by the end of March 2015/16. This included £100m that has been spent in 2014/15 in delivering WDS homes.
10. Alongside the final year of WDS the council will be delivering the first year of a kitchen and bathroom programme to roll out the kitchens and bathroom guarantee by 2021.
11. Over £77m GLA backlog funding has been drawn down to March 2015 and a potential £53m is available in 2015/16.

BACKGROUND INFORMATION

12. On 18 October 2011 cabinet agreed a detailed five year housing investment programme.
13. The key components of the programme were:
 - a. The main WDS estates and street properties programme (electrics, windows, roofs, bathrooms, doors, boilers as well as other external repairs)
 - b. Lift, individual boiler, district heating and electrical works programmes
 - c. The then existing investment two-year programme and the high priority Fire Risk Assessment (FRA) schemes
 - d. Expenditure on major voids and voids capitalisation.
14. The programme is based on WDS principles and this equates to the Government's Decent Homes Standard. These principles are:
 - a. **Warm** – modern functioning heating, well insulated roofs, windows in good condition or double glazed with secure locks, sliding window vents and restrictor hinges where needed, draught excluders on front doors, cavity wall insulation
 - b. **Dry** – roofs, windows and building fabric in good condition, free from water penetration and damp
 - c. **Safe** – modern electrics including rewiring where necessary, secure front doors (fire rated where necessary).
15. On 25 February 2015 Council Assembly affirmed its commitment through the Council Plan to 2017/18 which included the Fairer Future Promise – **Quality affordable homes**, which states 'We will improve housing standards and build

more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.'

16. On 25 February 2015 cabinet established a six year kitchen and bathroom investment to “deliver a quality kitchen and bathroom for every council tenant” by March 2021, with an initial year alongside the current WDS investment in 2015/16.

KEY ISSUES FOR CONSIDERATION

What has been achieved – overall position

17. At the end of March 2015, over £280m had been spent for the first four years of the WDS programmes.
18. Summary of actual spend in the first four years of the programmes:

WDS Spend for 2011/12-2012/13	2011/12 Spend	2012/13 Spend	2013/14 Spend	2014/15 Spend	TOTAL
Four Squares WDS and Security (New Place Estate)	£0.0m	£2.5m	£10.4m	£0.0m	£12.9m
Elmington (Drayton / Langland)	£0.0m	£1.6m	£0.2m	£0.0m	£1.8m
WDS – Landlord Obligations (Individual Heating)	£3.5m	£8.2m	£3.5m	£3.5m	£18.9m
WDS - Landlord Obligations (District Heating)	£2.8m	£2.3m	£3.2m	£5.0m	£13.2m
WDS – Landlord Obligations (Electrical Works)	£2.8m	£0.2m	£0.4m	£0.0m	£3.4m
WDS – Landlord Obligations (Lifts)	£3.1m	£2.7m	£2.2m	£2.3m	£10.2m
Contingency	£0.0m	£0.1m	£3.0m	£0.4m	£3.5m
WDS Estates	£0.0m	£5.8m	£23.7m	£68.7m	£96.8m
WDS Street Properties	£0.0m	£0.9m	£3.7m	£7.8m	£12.4m
Minor Voids Capitalisation	£3.0m	£3.0m	£3.0m	£3.0m	£12.1m
Minor Voids WDS Works	£0.8m	£1.0m	£1.0m	£1.0m	£3.8m
Current Schemes	£19.7m	£34.6m	£23.7m	£3.4m	£81.6m
Hawkstone	£0.1m	£0.2m	£3.0m	£3.2m	£6.5m
Maydew Refurbishment	£0.0m	£0.0m	£0.0m	£0.2m	£0.2m
Leathermarket JMB WDS spend	£0.8m	£1.4m	£1.4m	£1.5m	£5.1m
Grand TOTAL	£36.6m	£64.5m	£82.5m	£100.1m	£282.5m

For information, £16.7m of High Investment Needs Estate (HINE) funding has also been spent on:

Damory / Thaxted	£0.4m
Hawkstone	£3.2m
Four Squares	£13.1m

19. A summary of progress from 2011/12-2014/15 is given below with a more detailed breakdown given in **Appendix 2**.

Budget heading	Progress Status	Description of progress
Four Squares (security and WDS)	On site	Four Squares was started in 2012/13 as scheduled. Additional HINE funding has been agreed for this scheme that will complete in 2016.

Budget heading	Progress Status	Description of progress
Elmington (Drayton / Langland)	Completed	Elmington was started in 2012/13 and completed in 2013/14.
WDS – Landlord Obligations (Individual Heating)	Ongoing	This programme is running ahead of planned spend.
WDS – Landlord Obligations (District Heating)	Ongoing	All the planned schemes up to the end of 2014/15 are completed. The remaining 2015/16 schemes will be on site during 2015/16 with the exception of Acorn.
WDS – Landlord Obligations (Electrical Works)	Ongoing	Works were completed to Guthrie/Jurston laterals and work is on site for Whitworth/Ellington (Rockingham) incoming mains, completing in 2015/16.
WDS – Landlord Obligations (Lifts)	Ongoing	This programme is running well and is on schedule.
WDS Estates 2012/13 and WDS Street Properties 2012/13	On site or completed	All schemes are now on site or completed, with the remaining 3 schemes completing in 2015/16 due to variations in the original scope.
WDS Estates 2013/14 and WDS Street Properties 2013/14	Some delays	All schemes are completed or on site and due to complete in 2015/16 with the exception of: <ul style="list-style-type: none"> • Tustin has been delayed due to the scope of works required. Refurbishment works due on site 2015/16 • Acorn was delayed pending heating works. Refurbishment works due on site 2015/16
WDS Estates 2014/15 and WDS Street Properties 2014/15	Largely on site or completed	With some schemes completed, the remaining schemes are on site and due to complete in 2015/16 with the exception of: <ul style="list-style-type: none"> • Portland Estate due to the scope of the works required • D'Eynesford Estate (Externals) pending heating works • A small number of the street properties will complete early in 2016/17 and Rockingham West will start and complete in 2015/16.
Minor Voids Capitalisation	On going	Voids capitalisation, allocation utilised.
Minor Voids WDS Works	On going	Minor voids works on target, allocation utilised.
Current Schemes		
Fire Risk Assessment (FRA) works - current	Substantial risk blocks Completed	All substantial risk high rise blocks complete.
	Higher Moderate risk blocks complete / on site	All the originally planned higher risk high rise moderate risk blocks are complete.
2 year programme	Complete	The original 2 year programme has been completed.
Hawkstone	On site	On site and due to complete in 2015/16.

20. From 2011/12-2014/15:
- a. Over 15,000 properties have benefited or are benefiting from work on their property or block started as part of our WDS major works investment on estates and street properties
 - b. In addition, fire safety works have been completed to all the substantial and all the originally identified higher moderate high rise blocks through the FRA programme
 - c. Over 150 lifts have been refurbished as part of the lifts programme
 - d. Over 8,000 individual boilers have been replaced and many more residents have benefited from district heating works.

What has been achieved – Fire Risk Assessment (FRA) Programme

21. The FRA Programme has progressed well with specific details available in Appendix 2. All 27 substantial risk high rise blocks and 176 (not including Four Squares where works are being completed alongside the main scheme) of the high moderate blocks identified have now been completed. Over £36m has already been invested in delivering these FRA works.
22. In addition to reducing risk in high rise properties, £2.3m has been agreed for work to 48 substantial risk medium rise blocks which is being coordinated alongside the 2015/16 works.
23. Cabinet has also agreed funding to install sprinkler systems into sheltered and hostel accommodation by September 2016 and of LD2 type automatic battery powered smoke/heat detection to council homes across the borough starting with the highest priority blocks by March 2015. LD2 alarm installations are also being installed to converted street properties and emergency lighting identified through inspections is also being installed. Programmes are in place to carry out FRA works to sheltered accommodation, Temporary Accommodation hostels and Tenant and Resident Association (TRA) halls as well as a five year programme of electrical testing blocks.
24. Work is being undertaken to prioritise future work and reducing fire risk in discussion with the London Fire Brigade. Other work being carried out includes improving signage, providing block plans to the London Fire Brigade and providing residents with information on the fire safety features of their dwelling.

What has been achieved – Decent Homes

25. 65.3% of the council's rented accommodation was Decent at March 2015. Each April the homes falling into non Decency that year are added meaning that the overall Decency rate drops initially at the start of each year.
26. With the majority of schemes completing in 2015/16 the council is aiming to achieve 90% decency across the stock.
27. There are a number of projects where the council will still be working to achieve decency at March 2016, so our work will continue on estates such as Portland, D'Eynesford, the second phase of works on the Aylesbury Estate and some of the 2015/16 schemes. Beyond WDS, decency will be maintained through the on going major works programme.

Targets for the Future Years

Programme

28. The following gives an overview summary of the planned programme. This represents the continued acceleration of the programme, with some works brought forward from later years in the programme. For a more detailed breakdown see **Appendix 3**.

Programme Breakdown	Planned Start on site Date	Original planned start on site date	Comment
WDS – Landlord Obligations (Individual Heating)	Ongoing Programme	Ongoing Programme	Yearly programme is ahead of what was originally planned.
WDS – Landlord Obligations (District Heating)			
District Heating 2015/16	2015/16	2015/16	The 2015/16 schemes will now be on site in 2015/16 with the exception of Acorn underground mains was delayed due to the heating redesign as part of a regeneration scheme and works will now commence in 2016/17.
WDS - Landlord Obligations (Electrical Works)	Ongoing	Ongoing	Electrical works are being completed alongside the main WDS works.
WDS - Landlord Obligations (Lifts)	Ongoing	Ongoing	The programme is expected to continue to run to schedule.
Warm, Dry, Safe Investment in Estate Properties 2015/16	2015/16	2015/16	Some schemes started in 2014/15 but the majority of schemes will be on site in 2015/16.
WDS Street Properties 2015/16	2015/16	2015/16	The 2015/16 street properties programme is expected to start in 2015/16.
Maydew Refurbishment	2015/16	2015/16	Maydew is expected to start on site late in 2015/16.
Minor Voids Capitalisation	Ongoing	Ongoing	Capitalisation only.
Minor Voids WDS Works	Ongoing	Ongoing	Minor voids works.

29. The main points of note from the programmes are:

- a. The WDS investment is expected to be fully committed by 2015/16.
- b. The original 2 year programme is complete.
- c. All the 2012/13 schemes are complete with the exception of Sunray (due to a change in specification), Brandon 3 (due to added works) and the second phase of Dickens Estate, all completing in 2015/16.
- d. With the exception of Portland and D'Eynesford Estate (Externals) all the 2014/15 schemes have either completed or are on site and due to

- complete in 2015/16. Rockingham West is starting and completing in 2015/16 and a small number of street properties will complete in 2016/17.
- e. The remaining 2015/16 programme that has not started will start in 2015/16 with approximately 2/3 of the schemes expecting to complete in 2015/16. Many of the blocks and properties will be complete in 2015/16 where schemes that are finishing beyond that timescale.
 - f. The remaining district heating works will start on site in 2015/16 with the exception of Acorn underground heating mains which was delayed due to the heating redesign as part of a regeneration scheme and will commence in 2016/17.

Resources

Additional resources secured

30. After a successful bid for backlog funding the council has received grants for £12.1m in 2012/13, £32.4m in 2013/14 and £32.3m in 2014/15. The backlog funding has allowed a programme to be delivered to help deliver the WDS standard across Southwark's homes.
31. A further successful bid for backlog funding for 2015/16 means that Southwark could potentially secure a further £53m in backlog funding.
32. British Gas has been undertaking works to reduce Carbon Emissions through an ECO Agreement. The council has been working with British Gas to deliver environmental improvements including roofs, windows and cavity work. The actual work is at a notional cost to Southwark. 6970 properties have benefitted from the work.
 - a. 5,036 properties have received cavity wall insulations (CWI) filled
 - b. 1,173 properties have received external wall Insulation (EWI)
 - c. 956 properties have received double glazed windows at Bardell House, Burton House, Dombey House, Forbes Court, Gould Court, Hendre House, Jamaica Road, Layard Square, Lockwood Square, Lugard Road, Marden Square, New Place Square, Wade House and Wrayburn House
 - d. 290 properties have received insulated flat roofs at Bardell House, Barlow House, Barry House, Beamish House, Donkin House, Forbes Court, Gould Court, Heaton House, Helen Taylor House, Jamaica Road, Layard Square, Lockwood Square, Marden Square, Mortain House, New Place Square, Radcliffe House, Spenlow House, Tupman House and Wade House.

Planned Resources

33. This WDS schemes continue to come back over the originally estimated budgets as previously reported to cabinet. The main reasons for the difference in costs from the original plan are:
 - a. the fact that there was only 11% real stock data when the original budget was put together
 - b. insufficient allowance for scaffolding costs and asbestos costs
 - c. other non-WDS related work costs that did not form the estimate but should be done at the same time as WDS works for efficiency reasons
 - d. the scope of works not reducing as much as indicated from the surveys in the final years of delivering the WDS investment

- e. a risk pot of 5% is added to schemes that may not be spent
- f. the programme has incurred some unexpected costs, such as the mutual conclusion of two of the partnering contracts, which have had an impact on both costs and delivery of schemes
- g. the scope of works required on some schemes was considerably more than originally anticipated, such as with Four Squares.

Estimated spend profile

34. Revised resources will be presented to cabinet as part of a detailed affordable funding plan to support housing investment in new council homes and the existing stock. This will also encapsulate the quality kitchens and bathroom guarantee.

35. The estimated spend profile is:

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
£36.6m	£64.5m	£82.5m	£100.1m	£200m	£76m

36. There are a few schemes where funding will be sought outside of WDS as the scope includes extensive works that were not part of the WDS budget. This will include works to:

- a. Portland where serious structural work needs to be addressed
- b. Maydew which will be funded through increased sales receipts rather than from the current capital funding arrangements.

Resident Perception

37. The consolidated survey results for the main WDS refurbishment works are:

Area	Satisfaction on main WDS refurbishment works		Overall satisfaction for all major works	
	2013/14	2014/15	2013/14	2014/15
Year				
Satisfied with quality of works	86%	92%	80%	91%
Satisfied with service provided by contractors	85%	92%	79%	90%
Satisfaction with service provided by Southwark	77%	87%	74%	85%

38. The satisfaction on WDS refurbishment works continues to improve.

Current Work Streams

39. The Southwark Housing Commission places the *development of a long-term (30-year) strategy for council housing under the HRA* at the heart of the Commission's report. To support *more cost-effective approaches to decision making so that the value of the assets can be maximised* a 30-year asset management strategy will be developed following the consideration of the investment strategy and presented to cabinet in late Autumn along with a draft planned programme for consultation.

40. An 18 month development project of the asset management information and system that will support the development of the on going asset strategy is underway. This will allow for a more informed consideration of the long-term risk on assets and liabilities as well as improvements to our compliance systems.
41. A new contractor framework is being developed whereby two lists of contractors would be chosen to tender for individual building works projects through mini-competition (one for smaller contractors to offer opportunities to medium sized firms). The current Major Works partnering contracts are still in place until 13 June 2018 subject to contract extension and have non exclusive extensions with termination at will clauses. However mini-competition will be used in the areas where there are no Major Works partnering contracts. A Gateway 2 report is estimated to go to cabinet in October 2015.

Other Major Works Projects

42. Work is continuing to the Tenant and Resident Association (T&RA) Halls programmes with Phase 2 currently on site. Work on Temporary accommodation Phase 3 has completed and Phase 4 is beginning in early 2015/16. The door entry installations at Tabard and Nelson estate were completed and work on going at Astley, Amigo, Brodie and Burton Houses.

Programme Investment Delivery

43. To ensure the successful delivery of the programme the project teams within the major works division are given clear milestones and targets to work to along with clear levels of delegated authority.
44. The head of major works is responsible for the delivery of the programme. Progress against targets and strategic issues are addressed by the strategic director of housing and community services when required and in chairing a monthly major works monitoring group.
45. There are clear approval/gateway processes to make sure that prior to committing works the right level of quality in performance, health and safety and wider council requirements such as equalities, sustainability and local economic benefits will be achieved.
46. As well as project and programme budget monitoring within the major works teams, spend and forecasts are monitored through the housing investment board backed by the capital finance team to ensure that financial management procedures are in place.
47. A further annual progress report will be sent to cabinet following the end of the current financial year.

Conclusion

48. The WDS programmes are on course to be fully committed by the end of 2015/16. However, costs are higher than originally anticipated and additional resources are required to complete the programme.

Policy implications

49. This paper provides an update to the key fairer futures promise of delivering Warm, Dry and Safe homes.
50. This paper provides an update to the delivery of the Government's Decent Homes Standard.

Community impact statement

51. The community impact of the proposed programme was assessed as part of the 31 May 2011 report titled Housing Investment Programme and Revised Strategy.
52. Southwark's Housing Requirements Study 2008 found that certain types of households are over-represented in the borough's social housing, e.g. lone parents and pensioner households. Of pensioner household, for example, 69.1% live in social rented housing. The study also found that 40% of council renters contain at least one person with a health problem and that disadvantaged groups overall are more likely to be living in social housing, for example, certain BME groups.
53. There is increasing evidence of a link between poor housing conditions and ill health. The proposals in this report to make homes warm, dry and safe are likely to have health benefits for tenants and residents.
54. Replacing single glazed windows with double-glazing and replacing older, less efficient heating systems, increasing the thermal efficiency of council homes will have benefits for all residents benefiting from the investment strategy, through reducing carbon emissions.
55. Providing better thermal insulation, improving communal heating systems etc. This priority should benefit all communities. The Housing Needs survey 2003 found that certain ethnic groups were overrepresented in homes with poorer thermal comfort ratings. Furthermore, people on fixed incomes, e.g. pensioners, people on benefits and other groups suffering from fuel poverty will also benefit from more energy efficient homes.

Financial implications

56. This report is providing a status report on the Warm Dry and Safe programme and also the Kitchens and Bathrooms programme within the overall Housing Investment Programmes (HIP) as at March 2015.
57. On 18 March 2014, as part of the 2013/14 quarter 3 capital monitor and capital refresh process, cabinet approved additional capital funding of £985m on the housing stock programme for future years which included amongst others, the kitchens and bathrooms programme and also works to maintain the Warm Dry and Safe (WDS) standard across the housing stock. Additional resources required to complete the WDS programme is being allocated from this budget.
58. On 10 February 2015, cabinet agreed a six year kitchen and bathroom programme and a budget of £186.3m was also allocated from the above total of £985m.

59. There are no additional financial implications arising from this report as the works are currently expected to be contained within approved budgets. Cash flow implications will need to be monitored closely to ensure that there are sufficient resources to fund the overall Housing Investment Programme on a yearly basis.

Consultation

60. This update report will be sent to Home Owners Council and Tenant Council following cabinet approval.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

61. This report requires cabinet to note a number of actions relating to the WDS investment. There are no specific legal implications regarding the recommendations noted in this report. Officers from legal services will continue to provide legal advice (when required) to the WDS initiative.

Strategic Director of Finance and Corporate Services (FC15/014)

62. This report is requesting cabinet to note the status of the Warm Dry and Safe programme and also the Kitchens and Bathrooms programme within the overall Housing Investment Programmes (HIP) as at March 2015.
63. It is noted that there are no additional financial implications arising from this report as the works are currently expected to be contained within approved budgets.
64. It is also noted that the Housing Investment Programme cash flow implications will need to be monitored closely to ensure that there are sufficient resources to fund the overall Programme on a yearly basis.
65. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Asset Management Strategy – Kitchens and Bathrooms Programme 2015/16	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
Link: http://moderngov.southwark.gov.uk/documents/s51902/Report%20Asset%20management%20strategy%20-%20Kitchen%20and%20Bathrooms.pdf		
Housing Investment Programme – Confirmation of Five Year Programme and Update on the High Investment Need Estates Options Appraisal Project 18 October 2013	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
Link: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=3816&Ver=4		
Housing Investment Programme and Revised Strategy 31 May 2011	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
Link: http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=3866&Ver=4		

APPENDICES

No.	Title
Appendix 1	The programmes in pictures
Appendix 2	Programmes Achievements
Appendix 3	2015/16 programmes
Appendix 4	Works to Sheltered Accommodation

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Housing	
Lead Officer	Gerri Scott, Strategic Director Housing & Community Services	
Report Author	David Markham, Head of Major Works	
Version	Final	
Dated	3 September 2015	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	3 September 2015	