

Item No. 11.	Classification: Open	Date: 14 May 2013	Meeting Name: Cabinet
Report title:		Housing Revenue Account (HRA) Consultation on Programmes	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

I am pleased to be able to present this report to cabinet. It sets out priorities for the re-direction of resources to areas of importance to residents. It is encouraging that, following consultation, on the whole the detailed programmes developed over the next two years were supported by residents.

The investment will contribute to making residents feel safe and secure in their homes, will improve the look, feel and longevity of our housing stock and, in the case of the proposed energy efficiency measures for communal heating systems, will help to mitigate anticipated energy price increases. This is important because affordability remains an issue for residents on low incomes, particularly given the government's welfare reforms.

While an initial two year programme has been developed for door entry systems, external redecoration and estate action days, the resources available are in the base budget so it is anticipated that a further programme from 2015/16 onwards will be developed for consultation.

RECOMMENDATIONS

Cabinet is asked to:

1. Note the results of the consultation with residents, staff and unions.
2. Note the proposed use of £4m from the heating account surplus on communal heating energy efficiency measures as set out in paragraph 22.
3. Agree the proposed programme for door entry and security, estate action days, external redecoration, communal heating energy efficiency measures and the introduction of Communal Repairs Compliance Officers as set out in paragraph 31.

BACKGROUND INFORMATION

4. The 2013/14 Housing Revenue Account (HRA) Rent Setting and Budget Report was approved by cabinet on 29 January 2013. In taking its decision, cabinet recommended that a number of areas identified for the HRA redirection of resources were of particular importance and should be developed into detailed

programmes and considered in more detail by residents then be brought back to cabinet in May 2013 for decision.

5. Five areas were identified for further discussion. These were door entry and security, estate action days (environmental improvements), external redecoration, communal repairs compliance officers (to include staff views) and investment in communal heating energy efficiency measures.
6. Each of the above five areas is examined in detail below along with a summary of the feedback received. Where appropriate a two year programme of works to 2015 is attached as Appendices 1A-D. It is worth noting that redirected resources are in the base budget (save for the communal heating efficiency measures), it is therefore possible that further programmes will be developed from 2015-16 and beyond.
7. Consultation commenced with Area Housing Forums on 26 February and concluded on 19 March 2013. Their feedback is attached as Appendix 2. Tenants Council met on 25 March and Home Owners Council on 24 April 2013. A summary of their views is set out in paragraphs 42 and 43 below.

KEY ISSUES FOR CONSIDERATION

Door entry and security - £726,000 per annum

8. Door entry systems contribute to the safety, security and well-being of residents. The council maintains over 1,200 separate door entry systems across the borough. Door entry systems control access to the main entrances and on some systems to each level of a block. The majority of these systems are the original as installed and are reaching the end of their lifecycle. It is estimated that a typical system will last around 20 years. Beyond this time, parts are hard to obtain and in some circumstances become obsolete. Given the age of some of these systems, investment is needed to upgrade them. In addition there is an increasing demand for the installation of new systems to combat crime and anti-social behaviour on estates. It is important to note that new door entry systems attract an additional service charge of 68 pence per week (which for tenants is eligible for housing benefit).
9. The proposed programme is set out at Appendix 1A and aims to balance the need for the upgrade of existing systems with the installation of new systems. The criteria for upgrading old systems is based on the frequency of breakdowns and parts becoming obsolete. A total of 51 systems currently fall into this category and it is proposed that these are upgraded over the next two years. In the case of new systems, the criteria is based on formal requests, known incidents of anti-social behaviour and police support for the installation and 20 new systems are proposed. It should be noted that at its meeting on 16 April 2013, cabinet separately agreed resources for new systems in Decima Street, in the Leathermarket JMB.
10. Overall the proposal for a two year programme was well received and generally supported by residents. There were a number of blocks suggested for inclusion in a future programme and these will be investigated for inclusion in the programme beyond 2015. Concerns were expressed about the cost of systems and how costs impact on leaseholders. CCTV and improved lighting were suggested as areas for a future security programme.

Estate Action Days (Environmental Improvements) - £307,000 per annum

11. Estate action days have been in place for over a year. They are very popular as they involve an intensive approach to dealing with communal repairs, housing management and community issues (via the mobile bus) in a single day. The frequency of estate action days has been doubled so each repairs contractor delivers at least one planned estate action day each month. It is proposed that an enhanced level of repairs is completed including works to paving, gates lighting, painting and general communal repairs, including boundary fences. A total of 48 estate days are proposed between 2013-2015 and these are set out at Appendix 1B. The estate action days completed in 2012 are included for information. It is also proposed to include some street properties in the proposed works to fences and gates.
12. There was general support for estate action days. Residents suggested ways in which the days could be better co-coordinated and managed, including pre-meets with resident representatives and evening events. A potential programme of fence and gate upgrades has been identified for street properties and some additional estates that would benefit from an estate action day.

External Redecoration - £1m per annum

13. The council has not had a regular cyclical external decorations programme in place for over 10 years. Since then external decoration works has been undertaken to some individual blocks and street properties, but usually only where extensive refurbishment works have been completed rather than on a regular programmed basis.
14. The main objective of the current Warm, Dry & Safe (WDS) investment programme is to have all homes in Southwark meeting the minimum decent homes standard by 2016, however, the WDS programme does not include external decorations. This is mainly because all available funding is being used to achieve decency, but the decorative state of a dwelling does not form part of the decent homes assessment criteria.
15. It is proposed that a mini-programme of external decorations work is added to specific blocks already included in the existing WDS 2013-15 investment programme, which is currently at the design stage. Within this programme a significant number of estate/block properties are currently being considered for window renewal, and it is therefore proposed that cost-efficiencies are achieved for a proportion of these blocks by using scaffolding already in place to undertake external decoration works at the same time. This is the most cost effective to deliver the programme. Significant cost savings can be achieved by adding external decorations to existing planned works, rather than having a separate 'stand alone' external decorations programme. Cost avoidance of up to 50% can be achieved through this approach. The proposed programme for 2013-15 is attached as Appendix 1C. It should be noted that the 2013-14 is confirmed but the 2014-15 is subject to survey and only the blocks in the greatest need up the budget of £1m will be included.
16. There was general support for the proposal. Some felt that the £1m was not enough to match the level of need. There were a number of suggestions for inclusion in the future programme.

Communal Repairs Compliance Officers – £428,000 per annum

17. Delivering an efficient communal repairs service remains a challenge. While good progress has been made both in terms of the quality of repairs and the speed of delivering, there is still some way to go before it is an exemplar service.
18. Inevitably, the primary focus of the repairs service is on in dwelling repairs as it represents 85% of the activity (circa 120,000 responsive repairs are completed each year and 18,000 are communal). Communal repairs by their very nature do not always have a resident holding them to account for late delivery or poor quality.
19. The management of communal repairs is currently divided between a range of officers who undertake estate inspections with residents. The approach is fragmented and at times inconsistent and has, as result, led to concerns being raised by residents. In addition, the council, through a combination of miscoding and incorrect ordering, loses the opportunity to fully recover the cost of communal works. The management of communal repairs must therefore be improved. It is proposed to introduce a new role of Communal Repairs Compliance Officer (CRCO) who will lead on everything related to communal repairs: estate inspection repairs, s.20 consultation, contract management, pre and post-inspections, ordering, training and resident and member interaction. Every estate with or without a resident association will be inspected at least six weekly and the issues identified and resolved. A full-time team of eighteen staff is proposed, six of which would be funded from existing resources and twelve from redirection.
20. For this proposal the consultation was extended to include staff and unions. The proposal prompted the most reaction from residents and staff (and unions) with views being mixed. Those in favour felt the introduction of these posts would strengthen contract management and improve the service. Those against felt the posts were unnecessary as the front end was working well and the council should focus on managing its contractors and use the resources to fund growth elsewhere, such as resident services or technical officers in the Housing and Community Services Department. One union, Unison, submitted a detailed response which challenged the rationale for the posts and argued the resources would be better used elsewhere.

Communal Heating Energy Efficiency Measures - £4m (from the heating account and is a once-off amount)

21. There are approximately 17,000 properties that rely on the district systems for their heating and hot water with 130 boiler houses and 70 sub-plant rooms located throughout the borough. A recent analysis has shown that approximately 70% of district plant failures are caused within the boiler house rather than burst mains. The proposals when implemented will increase the reliability of the district heating and hot water systems, lower energy consumption and reduce carbon emissions.
22. In this year's rent setting report, as was the case for the previous year two years, it was recommended that heating charges be kept at previously-set levels, but that the review process be maintained on an annual basis to assess the possibility of future changes to charges where merited. The current accumulated surplus on the heating account equates to £5.5m, of which approximately £4m is earmarked for upgrading existing heating systems to improve energy efficiency

and reduce consumption, which in turn will help to mitigate upward cost pressures through lower consumption. Three main measures are proposed: new boiler burners, new Building Energy Management System (BEMS) and Dirt Separation with detailed programmes to 2015 attached at Appendix 1D. Each is explained below.

Boiler Burners

23. Boiler technology has greatly improved over the past few years. This has been driven by the enormous increase in energy costs and the need to reduce carbon emissions.
24. Many of the current burners on the existing boilers on the district plant are now becoming obsolete, making it more difficult for the contractors to repair and maintain. This leaves us at risk of potential failure that may not be fixed leaving residents without service.
25. It is expected that there will be a reduction in fuel consumption and a reduction in CO₂ emissions. This presents a strong business case in terms of savings and carbon reduction, in addition to increased reliability.

Building Energy Management System

26. The new Building Energy Management System (BEMS) will allow the remote heating plant to be linked together under a common control system. This will enable the council to constantly monitor performance of heating systems remotely. The council will be able to make adjustments to the system and have instant warnings of possible failure.
27. The replacement of the existing control systems throughout the borough, which are now almost obsolete, will allow energy savings to be realised through a process of continuous monitoring and control of the energy systems. These savings are typically 4-6% of total energy consumption according to the Carbon Trust's publication 'How to implement a building energy management system' and the Good Practice Guide 312 'Invest to save?'

Dirt Separation

28. Dirt Separation is exactly as the name suggests, removing dirt from the system using specialist equipment. The use of Dirt Separation in industrial heating and hot water systems has numerous benefits, particularly when used in systems with multiple radiators and large bore pipe work. Together these benefits serve to improve overall performance, thus resulting in noticeable savings in terms of time and money.
29. Taken together, the proposed energy efficiency measures will improve the reliability of communal heating systems, reduce costs and save energy. The proposed programme from 2013-2015 is set out at Appendix E.
30. There was general support for the programme. There were queries about how the system will work in practice and the costs to leaseholders, but overall the proposals were well received.

Summary of responses and recommendations

31. The table below brings together the overall feedback from the consultation with residents and staff and the recommends the way forward.

Proposal	Feedback	Recommendation
Door entry and security	General support for the proposals with suggestions made for additional blocks to be included in a future programme. CCTV to be considered as an alternative option	Proceed with the two year programme
Estate Action Days	General support for the proposals with suggestions on additional estates and street properties to be included. Planning and co-ordination to be improved	Proceed with the two year programme
External Redecoration	General support but some concern about size of the budget. Additional blocks identified for inclusion in a future programme	Proceed with the two year programme
CRCO	Mixed feedback for and against in equal measure (staff and unions included in the consultation)	Proceed with the proposals and follow the council's reorganisation procedure which will provide for full and detailed consultation
Communal Heating Efficiency Measure	General support for the proposals	Proceed with the two year programme

32. It should be noted that the proposed works will be delivered through existing contracts. In the event of this not being possible, delivery will be subject to separate approvals. In addition, the proposed CRCO, if agreed, will require a separate delegated item to be approved by the Head of Human Resources and the Strategic Director of Housing and Community Services.

Community impact statement

33. The proposals once implemented will have a positive impact on the lives of residents contributing to making the borough more safe and secure and contributing to the Warm Dry Safe programme.
34. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between different groups, and foster good relations between different groups.

35. Consideration has been given to the report's relevance to equality issues in accordance with the public sector equality duty. This report sets out how additional resources will be used to address known key priorities for residents and a scoping exercise established there is no differential effect for any community or protected group. In addition, the processes for specification of any works will take into account and mitigate any adverse impact on protected groups. It is also recognised that the introduction of new door entry systems will lead to an increase in charges which may present particular difficulties for people on low incomes, but tenant service charges remain eligible for housing benefit.
36. There are wider issues impacting both nationally and locally in terms of impending welfare reform and housing benefit under occupation changes, which comes into force in April 2013. These have also been considered and measures to mitigate the effects on the community are currently being developed together with the provision of additional resources for this purpose.

Financial implications

37. This report sets out more detailed proposals/information and the results of resident consultation on a programme of works including door entry and security environmental improvements (estate action days), external decoration, communal repairs and district heating efficiency measures.
38. These works formed part of a larger package of measures totalling £6m considered by cabinet on 29 January 2013 as part of the HRA rent setting and budget report for 2013/14, but requiring further resident consultation in terms of the programming and priority of schemes. With the exception of the district heating efficiency measures, funding for this programme was identified as part of the three year HRA efficiency savings programme (2011/12 – 2013/14) which has provided the opportunity for the redirection of resources to priority areas. They form part of the base budget so funding for the two-year programme is available, subject to any change in demand or priorities or the wider financial position of the HRA going forward. It is anticipated that these measures will generate additional savings as the need for reactive/ repeat repairs reduces and future cost efficiencies can be made, for example, through utilising existing scaffolding.
39. Funding for the district heating efficiency measures comes from the ring-fenced heating account reserve and is available on a one-off basis to fund a limited programme of works. The purpose of the reserve is to mitigate potential increases in resident charges as a result of energy price volatility and to improve energy efficiency by funding efficiency measures, such as those outlined in the report, which in turn generates further savings and reduces the pressure to increase charges in future. The ring-fenced nature of the HRA means that surpluses or deficits are carried forward year on year and contribute to reserves which are earmarked for the specific purpose of funding landlord services. Movements to and from reserves require approval by the strategic director of finance and corporate services.
40. Works such as external decorations, door entry, district heating and communal repairs are rechargeable to home owners under the terms of their lease as detailed in the concurrent from the head of special housing services. It is also anticipated that the introduction of the communal repairs compliance team will

ensure operational improvements and greater cost recovery for the HRA. savings and cost efficiencies generated through these measures will be captured as part of budget planning for 2014/15.

Consultation

41. All 12 area housing forums were consulted between 26 February and 19 March 2013. Their views are summarised in Appendix 2.
42. Tenants council met on 25 March 2013 and considered the responses from area housing forum and were broadly in agreement with them. Namely, support for the door entry and security measures, estate action days, the external redecoration programme and communal heating programmes with mixed views about the communal repairs compliance officers.
43. Home owners council met on 24 April 2013. They supported the door entry programme but had concerns about the costs for leaseholders, the blocks that had been chosen and other locations that still needed new systems. There was general support for estate actions days, but they felt that future programmes should include smaller estates and street properties. In respect of external redecoration, there was concern that the £1m proposed would be insufficient to meet the need. There was general support for the communal repairs compliance officers, but HOC would like the effectiveness of new team, if agreed, to be evaluated 24 months after its introduction. Finally, there was general support for the communal heating efficiency measures, but HOC would like to see the proposed measures leading to savings in leaseholders service charges.
44. For solely the communal repairs compliance officers, both staff and unions were consulted between 11 March 2013 and 28 March 2013. Two special departmental liaison committees were also held with the unions. The views from staff were mixed with some in full support and others against the proposal. Unison was the only union to respond to the proposals and they submitted a detailed response which challenged the rationale for the posts and argued that the resources would be better used elsewhere.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

45. Statutory requirements as to housing management of tenancies and the keeping of a housing revenue account are set out under the Housing Act 1985 and 1996, the Local & Government Housing Act 1989 and the Localism Act 2011.
46. Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenancies respectively require local authorities to consult on matters of housing management as defined by the 1985 Act.
47. To meet legal requirements consultation must be undertaken when the proposals are still at a formative stage, include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response and allow adequate time for interested parties to consider the proposal and formulate their response.

48. The report indicates that following the identification of five areas identified for further discussion upon the approval of the 2013/14 HRA rent setting report by cabinet on 29 January 2013 that consultation has been carried out. The details of the various consultations and responses are set out in the report and appendices. Members responsible for taking decisions on proposals should take into account the product of consultation when making decisions on the matters concerned.
49. Members should also have regard to the public sector equality duty in section 149 of the Equality Act 2010. This requires the council, when taking decisions, to have due regard to the need to:
 - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) Advance of equality of opportunity between persons who share a relevant protected characteristic and those who do not share it
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
50. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
51. The Council is required to act in accordance with the equality duty and have due regard when carrying out its functions.
52. The cabinet must consider the community impact statement and equalities considerations, reference to the scoping exercise carried out and that the process for specifications for any works will take into account and mitigate against any adverse impact on protected groups as part of the consideration of the public sector equality duty. Members should have due regard to this when considering the recommendations.
53. There are further statutory requirements in relation leasehold properties under the Landlord and Tenant Act 1985 (as amended) which provides for statutory consultation on applicable rechargeable service charges in accordance with Section 20 as referred to in the supplementary advice from specialist housing services.
54. The report states that the proposed introduction of the communal repairs compliance officers if agreed will be subject to separate delegated item to be approved by the head of human resources and the strategic director of housing and community services. Managers must ensure the final proposals are implemented in a manner fully compliant with the council's re-organisation, redeployment and redundancy and recruitment procedures.

Strategic Director of Finance and Corporate Services (FC13/026)

55. This report notes the results of the consultation and seeks agreement on the proposed programme of works and the introduction of communal repairs compliance officers. In addition it notes the proposed use of £4m heating account surplus, which has prior approval from the strategic director of finance and corporate services.

56. The strategic director of finance and corporate services notes the financial implications detailed in paragraphs 37 to 40. Further analysis will be done to ascertain the savings that this programme of works achieve. These savings will form part of future budget setting and reporting.

Head of Specialist Housing Services

57. In general the proposals outlined in this report are for communal repairs and services, and would be rechargeable to leaseholders as a service charge. Where the service charge for an individual repair/installation will be more than £250 to any leaseholder then the council will be required to carry out statutory consultation under section 20 of the landlord and tenant act 1985 (as amended). This would be particularly applicable to the proposals for door entry upgrade/installation, external decorations and communal heating efficiency measures.
58. Where communal repairs are identified during estate action days care must be taken to ensure that each individual repair is properly recorded with relevant costs, so that the correct charges can be made to home owners at the end of the financial year. This information must be easily obtainable by home ownership services.
59. Specialist housing services are pleased that street properties will be included in estate action days in future, as home owners in street properties have frequently complained that their properties are not given the same priority as blocks on larger estates. It is also recommended that stand alone blocks are included in the programme of estate action days and that both are included in the external decorations programme if the budget permits.
60. Specialist housing services concurs with the proposal to create communal repairs compliance officers. One of the most problematic areas of the annual service charge is the cost and quality of communal repairs. A great deal of time and effort is expended in justifying the cost to leaseholders of individual communal repairs that were carried out up to 18 months in the past.
61. Additionally, there have been concerns in the past about the coding of communal repairs orders. Communal repairs have been miscoded to individual properties, coded to the wrong block or estate, incorrectly identified as communal recharges when they should have been raised as insurance jobs (complete with crime reference number or other relevant detail), raised as a recharge to an individual resident or referred back to a previous contractor to enforce the terms of warranties and guarantees.
62. Specialist officers would also have the required competencies to ensure that works orders are raised accurately with sufficient detail and with personal information in the correct place so that data protection is not breached when leaseholders request and are sent the comprehensive repairs breakdowns following receipt of their actual service charges.
63. The chair and representatives of home owners council have continuously raised the problems with communal repairs on behalf of their constituents. Both home owners council and specialist housing services have previously requested that a more specialised team be formed to deal with communal repairs, to both improve the service to residents and to facilitate the recovery of service charges.

64. While communal repairs only make up approximately 15% of the works orders raised, over 30% of the housing stock is now comprised of home owners, making the recovery of costs for communal repairs a significant income to the housing revenue account. As leaseholders pay the actual cost of services received, where the council has been unable to charge for communal repairs in the past (for a variety of reasons including mis-coding, poor descriptions etc) the loss has to be picked up by the rent payers.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Revenue Account – Final Rent Setting and Budget Report 2013/14. The document is available to view on this web page: http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=4250&Ver=4 "	Maintenance and Compliance, 160 Tooley Street London SE1 2QH	David Lewis Tel: 020 7525 7836

APPENDICES

No	Title
Appendix 1A	Door Entry Systems – New and Upgrades
Appendix 1B	Estate Action Days
Appendix 1C	External Redecoration
Appendix 1D	Communal Heating Energy Efficiency Measures
Appendix 2	Feedback from Area Housing Forums

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Lead and Cabinet Member for Housing Management	
Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	David Lewis, Head of Maintenance and Compliance	
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Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Head of Procurement	No	No
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	No	No
Corporate Contract Review Board	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		1 May 2013