

Item No. 14.	Classification: Open	Date: 26 June 2013	Meeting Name: Cabinet
Report title:		Major Works Status Report incorporating Warm, Dry and Safe	
Ward(s) or groups affected:		All wards	
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

The council is committed to making every home in Southwark Warm, Dry and Safe and this has been embedded in our Fairer Future Promises. This report provides an update with progress towards achieving that aim.

The council is providing a fully funded investment programme that ensures all residents will receive a Warm, Dry and Safe home. Whilst previously the unrealistic standards ensured some residents were left without investment and even less homes would meet the Government’s Decent Homes standard, we have begun to address the Decency issues that affects the living conditions of so many of our residents.

Whilst we are pleased that the level of investment in homes has accelerated in 2012-2013 and more residents are benefiting from the work carried out, we will continue to ensure that the programme is delivered on time, fully funded and that investment is made wisely. Residents will continue to be fully engaged in the works that are undertaken at their homes. Warm, dry and safe homes is being delivered and prioritised at a time of limited resources and financial challenges to both us as a council but also to our residents.

Housing contributes so much to the well-being and lives of the residents of Southwark, so we are proud to deliver them Warm, Dry and Safe homes. Moving forward we recognise that we need a longer term plan beyond our current programme and we are actively engaging with residents in regards to the options presented through the independent Housing Commission on the future of the council homes in the borough.

So we look forward to developing our plans for council homes with residents and continuing to deliver improvements they so desperately need. I am therefore asking the cabinet, after consideration of the officers’ report set out from paragraph 1 onwards to approve the recommendations below.

RECOMMENDATIONS

1. That cabinet notes the status of the Housing investment programme with particular reference to the Warm, Dry and Safe programme.
2. That cabinet notes that the Warm, Dry and Safe programme will be fully committed by the end of 2015/6.

3. That cabinet notes the planned brought forward schemes from 2014/15 and 2015/16 programmes.
4. That cabinet notes the progress of the strategic safety works programme. All substantial risk high rise blocks have now been completed. The majority of high moderate risk blocks originally identified have now been completed with the rest due to complete early in 2013/14. Further work is being prioritised and a further report will be drawn up to seek approval for the additional resources required.
5. That cabinet notes the amount of stock that has actually been surveyed has increased from around 11% when the initial programme was compiled to 32% as at March 2013.
6. That cabinet notes the additional resources that have been provisionally secured and notes that an additional £48.8m secured through Decent Homes backlog funding is added to the investment assumptions for the delivery of the Warm, Dry and Safe programme in addition to the current resources. A further report in December 2013 will formally request for any additional resources, if required, for the completion of the Warm, Dry and Safe programme.
7. That cabinet notes the council is working with British Gas to deliver environmental improvements including roofs, windows and cavity work. This is at a notional cost to Southwark. The council is piloting an initial package of works in Bermondsey and Rotherhithe and if successful this will be rolled out to a larger number of properties.
8. That cabinet notes the plans to consult exclusively with leaseholders early in the planned worked process as part of our commitment for "putting residents first".
9. That cabinet notes that this report will be sent to Home Owners Council and Tenant Council following cabinet approval.

SUMMARY

10. 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 Warm, Dry and Safe (WDS) programme as at the end of March 2013.
11. Over £98m has been spent (excluding Leathermarket JMB spend) and the programme is on course to be fully committed by the end of March 2015/16. The annually set WDS spend target for 2012/13 of £63m has been achieved.
12. The start of the programme was delayed whilst waiting for a decision following the appeal against the Leasehold Valuation Tribunal (LVT) regarding the major works partnering contracts. By taking swift action to resolve contract issues and bringing alternative works forward when others require retendering, the programme continues to accelerate into 2013/14.
13. Additional resources have been secured that can be used to ensure the delivery of the WDS programme.

14. All high rise blocks with a substantial risk from the fire risk assessments have been completed. The majority of the higher moderate risk high rise blocks are also complete, with the remaining blocks completing early in this financial year.

BACKGROUND INFORMATION

Introduction

15. On the 18 October 2011 cabinet agreed a detailed five year housing investment programme, with a summary set out in Appendix 1 of this report.
16. The initial programme was put together and finalised following extensive and widespread consultation including development with a Decent Homes Review Working Party (DHRWP) chaired by the cabinet member for housing management and comprising of representatives from Tenant and Home Owner Council. Over 50,000 surveys were sent out to tenants and homeowners (including TMOs) to obtain their views on various issues relating to investment in council housing as well as open meetings, forums, tenant council and home owner council. The initial programme was presented to cabinet in May 2011 and it was resolved that further consultation should take place with a report coming back to cabinet.
17. The Stage 2 consultation comprised a variety of methods of engagement and provided opportunities for groups and individual residents to raise issues concerning their own communities. The consultation included a programme of meetings with Area Housing Forums, Tenants Council, Home Owner Council and their working parties. The Decent Homes Review Working Party was also given the opportunity to comment on the draft consultation as well as the detailed programme. Tenant and Residents' Associations (T&RAs) and Tenant Management Organisations were provided with a collective comment form for the group to return with their comments. All tenants and home owners were sent a letter with their July rent or service charge statement alerting them to the consultation and explaining how they could participate. This included discussion with their T&RA and submission of a collective comment form, or individual comments.
18. A summary of the feedback and officer responses were given in the October 2011 cabinet report. Where replies related to specific blocks, in all cases, surveys were undertaken and the programme adjusted where necessary, adding and removing work items. Examples of changes to the programme included adding (a full list was provided in Appendix 6 of the October 2011 cabinet report):
 - a. Roofs to 1-8, 9-36, 37-53 Quentin House in Borough and Bankside
 - b. Bathrooms to 1-6, 17-32, 33-38 Eldridge Court, Rouel Road in Bermansey
 - c. Roofs to 1-8, 9-26, 27-34, 35-42, 43-50 Melford Court, Melford Road in Dulwich
 - d. Bathrooms to 1-6, 7-12, 25-36, 37-52, 53-68, 69-84, 85-100, 139-144, 145-150, Penrose House in Walworth

19. The programme was put together based upon the following programme assumptions:
 - a. Need – The housing stock condition survey told us which properties were in the worst condition and needed work most urgently
 - b. Affordability – We have looked at the total amount of money that we have available to spend in any one year to make sure that the funding is fairly distributed among those properties that are most in need
 - c. Practical considerations – For example, how blocks are grouped within the programme, taking account of the works that they need and their location
20. Following agreement of the programme officers were then instructed to proceed with the implementation of the programme.
21. The key components of the programme are:
 - 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 existing investment two-year programme and the high priority FRA schemes
 - d. Expenditure on major voids and voids capitalisation.
22. 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)
23. The delivery of WDS homes is one of Southwark's Fairer Future promises.
24. As part of the cabinet report some estates were recognised as needing a higher investment and given funding beyond that available through WDS. High Investment Needs Estates (HINE) are Abbeyfield Estate, Four Squares Estate and Hawkstone along with the continued regeneration of the Elmington Estate and Aylesbury Estate.
25. Funding of the £326m programme was considered as part of the overall resources for the Housing Investment Programme forecast at £465m in the 18 October 2011 cabinet report and made up from the following sources:
 - £122m Capital Receipts
 - £208m Major Repairs Allowance / Major Repairs Reserve
 - £65m Revenue Funding
 - £41m Other Sources including grants

- £29m Back log funding

Delivery Background

26. Delivery of the WDS programme was initiated on a wave of change that included establishment of the new Housing Department in 2011 and the setting up of the major works team within the department.
27. During the first eighteen months of programme there have been set backs that have meant that some of the planned targets for delivery have been tested.
28. On 23 March 2010, the Executive decided to postpone decision making on the Contracts Award Approval Housing Major Works Contract because officers had been advised the Leasehold Valuation Tribunal (LVT) did not grant the necessary dispensation. Subsequently the council were given permission to appeal against the decision of the LVT and the case was reheard in the Upper Tribunal. The decision of the Upper Tribunal was received on January 2012. Consequently the council was able to proceed with the five area based partnering agreements. This caused a significant delay to the start of the programme, impacting the 2 year programme, WDS Estates 2012/13 and WDS Street Properties 2012/13.
29. Because of the delays in 2011/12, a total of £29m expenditure was re-profiled into future years.
30. In addition, there were issues with Wates, the partnering contractor for the Bermondsey/Rotherhithe delivery area. The contract with Wates was mutually concluded, being replaced with a combination of the back up contractor and competitive tendering. Some of these schemes went to Apollo (the back up contractor), and the rest were tendered.
31. The council also suspended one of the remaining four partnering contractors in December 2012 following an incident at Draper House. The five year partnering contract in Borough & Bankside / Walworth area with Breyer PLC was subsequently mutually concluded. Whilst this decision was not taken lightly the council felt this was a necessary step to ensure the provision of good quality and safe works to all our residents. The work carried out by the contractor is being replaced with a mixture of using back up contractors and competitive tendering. The council has been working with residents to ensure all schemes that were on site or in design receive a smooth as possible transition to the new arrangements, but this has inevitably led to delays in the completion of works. The loss of a partnering contractor will also delay the start of schemes that Breyer were due to undertake, especially where they are to be retendered due to the time needed for the tendering process.
32. Despite these set backs staff are confident that all programmed works in the WDS programme will be committed by the end of 2015/6. Decisive action has been taken to accelerate the delivery of the WDS programme despite some significant obstacles and set backs that hindered progress. Issues that arise are being dealt with effectively and works have been brought forward whilst other planned works have been retendered.
33. On the 31 May 2011 cabinet agreed to approve a housing investment programme of major works to the value of £320.5m (plus £5.5m for works at

Leathermarket JMB) over the next five financial years (2011/12 – 2015/16) to ensure that the council's homes including those homes managed by Leathermarket Joint Management Board, are invested in to meet the Government's Decent Homes Standard and make them WDS (replacing the Southwark Decent Homes Standard adopted on an interim basis in April 2008, with the Government's Decent Homes standard).

KEY ISSUES FOR CONSIDERATION

What Has Been Achieved – Overall Position

34. Despite the delayed start, at March 2013 over £98m had been spent for the first two years of the WDS programme (excluding Leathermarket JMB). Spending continues to accelerate. The annually set target for 2012/13 to spend £63m has been achieved.
35. A summary of the first two years planned expenditure from the 18 October 2011 cabinet report is set out below. Each of the tables links back to the original budgets approved by the original cabinet report.

Original WDS forecast for 2011/12-2012/13	2011/12 Forecast Spend	2012/13 Forecast Spend	TOTAL Forecast Spend
Four Squares Security (New Place Estate)		500,000	500,000
Four Squares WDS (New Place Estate)		250,000	250,000
WDS - FRA Moderate Contingency		5,000,000	5,000,000
WDS - FRA Substantial Contingency		2,500,000	2,500,000
Elmington (Drayton / Langland)		700,000	700,000
WDS - Landlord Obligations (Individual Heating)	8,110,000		8,110,000
WDS - Landlord Obligations (District Heating)	5,936,298		5,936,298
WDS - Landlord Obligations (Electrical Works)	2,350,000		2,350,000
WDS - Landlord Obligations (Lifts)	5,020,000		5,020,000
Contingency		2,000,000	2,000,000
WDS Estates		10,619,169	10,619,169
WDS Street Properties		2,462,907	2,462,907
Minor Voids Capitalisation	3,000,000	3,000,000	6,000,000
Minor Voids WDS Works	1,000,000	1,000,000	2,000,000
Current Schemes	68,969,221		68,969,221
TOTAL	122,417,596		122,417,596

36. Summary of actual spend against in the first two years of the programme*:

WDS Spend for 2011/12-2012/13	2011/12 Spend	2012/13 Spend	TOTAL
Four Squares Security (New Place Estate)	£0.0m	£0.4m	£0.4m
Four Squares WDS (New Place Estate)	£0.0m	£2.1m	£2.1m
Elmington (Drayton / Langland)	£0.0m	£1.6m	£1.6m
WDS - Landlord Obligations (Individual Heating)	£3.5m	£8.2m	£11.7m
WDS - Landlord Obligations (District Heating)	£2.8m	£2.3m	£5.1m
WDS - Landlord Obligations (Electrical Works)	£2.8m	£0.2m	£3.0m
WDS - Landlord Obligations (Lifts)	£3.1m	£2.7m	£5.8m
Contingency	£0.0m	£0.0m	£0.0m

WDS Spend for 2011/12-2012/13	2011/12 Spend	2012/13 Spend	TOTAL
WDS Estates	£0.0m	£5.8m	£5.8m
WDS Street Properties	£0.0m	£0.9m	£0.9m
Minor Voids Capitalisation	£3.0m	£3.0m	£6.0m
Minor Voids WDS Works	£0.8m	£1.0m	£1.8m
Current Schemes	£19.7m	£33.7m	£53.4m
Hawkstone	£0.1m	£1.1m	£1.2m
TOTAL	£35.8m	£63.0m	£98.8m

*Figures subject to year end accruals and adjustment

For information: Leathermarket JMB spend is £0.8m for 2011/12 and £1.4m for 2012/13.

37. A summary of progress 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 has started in 2012/13 as scheduled.
Elmington (Drayton / Langland)	On site	Elmington was scheduled to start in 2012/13 and complete in 2013/14. This is still the case.
WDS - Landlord Obligations (Individual Heating)	Ongoing Programme (accelerated)	This programme has been accelerated and is running ahead of schedule.
WDS - Landlord Obligations (District Heating)	Ongoing Programme	Some of the 2013/14 and 2014/15 schemes have been brought forward and completed and overall this programme is progressing well. However, some of the planned schemes for first two years have not progressed on schedule whilst further detailed resident consultation took place.
WDS - Landlord Obligations (Electrical Works)	Ongoing Programme	This has delivered as expected for the first two years of the programme.
WDS - Landlord Obligations (Lifts)	Ongoing Programme	This programme is running well and is on schedule.
WDS Estates 2012/13 and WDS Street Properties 2012/13	Ongoing (Delayed)	The delayed decision from the LVT / Upper Tribunal delayed the start of these schemes. Some further delays have been caused with the mutual conclusion of the Wates and Breyers works contract. All are now on site and progressing with the exception of Brandon and Dickens Estates that are both due on site in 2013/14.
Minor Voids Capitalisation	Ongoing Programme	Voids capitalisation, allocation utilised.
Minor Voids WDS Works	Ongoing Programme	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.

Budget heading	Progress Status	Description of progress
	Higher Moderate risk blocks complete / on site	Nearly all the originally planned higher risk high rise moderate risk blocks are complete with the last few completing in 2013/14.
2 year programme	Ongoing (Delayed)	The delayed decision from the LVT / Upper Tribunal delayed the start of these schemes, however they are now all on site, with many completed.

38. Overall, the programme is now progressing well towards the delivery of Warm, Dry and Safe homes. Given the delayed start due to the LVT/Upper Tribunal decision and further issues with some of the partnering contractors the programme has responded well by bringing forward some works. This has ensured the programme is gaining momentum and well placed to deliver WDS homes.

39. From 2011/12-2012/13:

- a. Over 4,000 properties have benefited or are benefiting from work started as part of our WDS major works programme to estates and street properties. Over half of all Southwark's 52,000 homes are expected to benefit from major works to their homes or blocks by the end of the programme.
- b. Over 4,500 homes have become Decent.
- c. In addition to the WDS major works programme, safety works have been completed to 129 blocks through the FRA programme.
- d. 84 lifts have been refurbished as part of the lifts programme.
- e. Over 5,000 individual boilers have been replaced and many more residents have benefited from district heating works.
- f. The GLA targets for decency to receive the backlog funding were met including drawing down additional funding by meeting a higher target.

What Has Been Achieved – Fire Risk Assessment (FRA) Programme

40. The FRA Programme has progressed well with specific details available in Appendix 2. Following the completion of the FRAs on high rise buildings blocks with substantial and high moderate risk were prioritised for works. All 27 substantial risk high rise blocks have now been completed. 102 out of 169 high moderate blocks identified have now been completed with the rest due to complete early in 2013/14. Over £32m has already been invested in delivering FRA works. In addition Gloucester Grove has now been added to the programme which is now in design as this has been identified as having a higher risk than initially identified.

41. The FRA programme has successfully mitigated the level of risk from the higher risk blocks and Southwark continues to prioritise and work on reducing the risks identified in FRAs. Fire rated front and communal doors have been installed as well as works to the ducting and appropriate panelling to reduce the spread of flames in the event of a fire. Southwark is continuing to work with the London Fire Brigade to ensure that residents in the borough can be assured that their homes are safe.

42. Whilst the programme has addressed the higher risk properties, there are still lower moderate risk high rise blocks requiring work. In addition further surveys are being undertaken on FRA works required for street properties and lower rise blocks. Work is being undertaken to prioritise these assets in discussion with the London Fire Brigade. Once the work required is ascertained a further report will be drawn up to seek approval for the additional resources required.

What Has Been Achieved – Decent Homes

43. Over 60% of the council's rented accommodation were Decent at March 2013. 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.
44. As well as through the delivery of major works the Decency levels will change with surveys and repairs that are undertaken. The Decency achieved through major works will only be updated on completion of a scheme, so as more schemes are finishing the decency levels will increase. At the end of the WDS programme it is expected that the council's stock will be close to 100% Decent.

What Has Been Achieved – Putting Residents First

45. "Putting Residents First" was a local offer and a commitment to fully consult with residents about major works. This includes:
- a. Holding a drop in session for residents and the local ward councillors
 - b. Setting up a residents' project team of interested residents (where possible)
 - c. Issuing an introductory booklet containing information about the contracts and the works, newsletters and regular meetings
 - d. Carrying out satisfaction surveys.
46. For all projects, officers have actively engaged with residents, clearly consulting on the works and setting up resident led projects groups where possible. At all stages residents have been actively updated with progress and issues have been dealt with in a proactive way.
47. The first year of the programme has demonstrated to officers that there is a need to specifically consult with leaseholders about the costs and scope of major works as well as the contents of the works programme. Moving forwards major works will have a specific meeting with leaseholders at the start of each project.

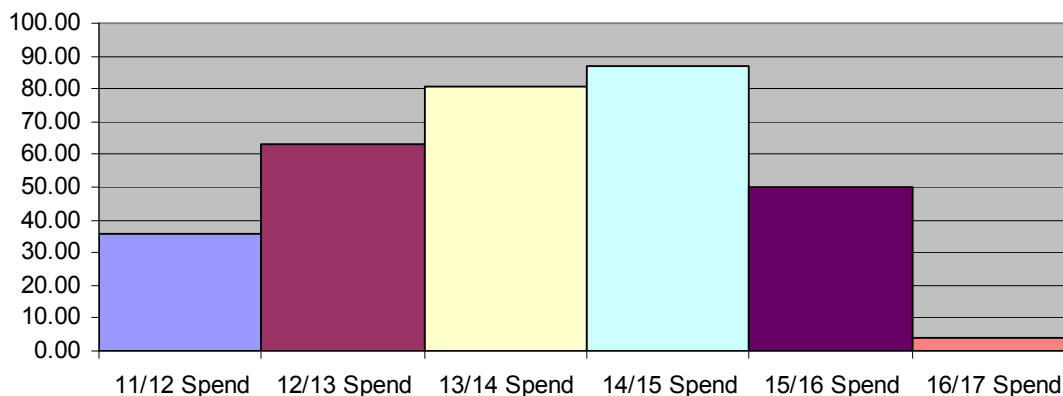
TARGETS FOR THE FUTURE YEARS

Spend and allocation

48. The following spend forecast is based on actual agreed costs for current schemes, cost estimates or forecasts based on the allocations set out in the cabinet report of October 2011 for future schemes. As these costs are largely based on a forecast, they are likely to change as actual costs are agreed following detailed surveys. With more of the programme being brought forward, 2013/14 and 2014/15 will represent the key years in delivering WDS. This forecast represents the whole WDS allocation being committed by March 2016.

Programme Breakdown	TOTAL to March 2013	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	TOTAL Forecast Spend
Total:	£98.8m	£80.6m	£87.2m	£50.1m	£3.7m	£320.5m

WDS spend profile (£millions)



Programme

49. 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 has been accelerated with allocation from 15/16 brought forward.
WDS - Landlord Obligations (District Heating)			
District Heating 13/14	2011/12 – 2013/14	13/14	Some 13/14 schemes have been brought forward and completed with the rest due on site in 2013/14.
District Heating 14/15	-	-	No new schemes were planned for 2014/15.
District Heating 15/16	2014/15	15/16	The 2015/16 schemes are planned to be brought forward to 2014/15.

Programme Breakdown	Planned Start on site Date	Original planned start on site date	Comment
WDS - Landlord Obligations (Electrical Works)	Ongoing Programme	Ongoing Programme	The remaining £5.5m in the budget for FRA electrical works is being used in the FRA budget. A further £1.9m is available for essential replacement of communal, lateral electrical wiring and associated equipment in future years as part of the ongoing WDS programme.
WDS - Landlord Obligations (Lifts)	Ongoing Programme	Ongoing Programme	The programme is expected to continue to run to schedule.
Warm, Dry, Safe Estate Properties 13/14	2013/14	2013/14	Due to the delayed start for 2012/13 and the mutual conclusion of Breyers works contract, the start of some of the 2013/14 schemes were delayed to later in the year.
Warm, Dry, Safe Estate Properties 14/15	2013/14 2014/15	2014/15	£14.9m of works were brought forward into 2013/14 and the rest of the works are planned to start in early 2014/15.
Warm, Dry, Safe Estate Properties 15/16	2014/15 2015/16	2015/16	Approximately £12.8m works are being brought forward into 2014/15 with the rest planned to start on site in early 2015/16.
WDS Street Properties 13/14	2013/14	2013/14	Due to the delayed start for 2012/13 street properties, the start of the 2013/14 street properties was delayed to later in the year.
WDS Street Properties 14/15	2014/15	2014/15	The 2014/15 street properties programme is expected to run to schedule.
WDS Street Properties 15/16	2015/16	2015/16	The 2015/16 street properties programme is expected to continue to run to schedule.
Hawkstone Refurb	2013/14	2015/16	Hawkstone Low Rise is expected on site in 2013/14.
Maydew Refurb	2014/15	2015/16	Maydew is expected to start on site earlier than planned in 2014/15.

Programme Breakdown	Planned Start on site Date	Original planned start on site date	Comment
Minor Voids Capitalisation	Ongoing Programme	Ongoing Programme	Capitalisation only.
Minor Voids WDS Works	Ongoing Programme	Ongoing Programme	Minor voids works.

50. The main points of note from the programme are:

- a. £14.9m of works have been brought forward from 2014/15 to start in 2013/14, due to the Decent Homes backlog funding for being confirmed by the GLA.
- b. A rescheduled start to the 2013/14 programme due to the reasons stated in the background and the delay caused to the 2012/13 programme.
- c. Approximately £12.8m of works forward from the 2015/16 programme subject to confirmation from the GLA of the Decent Homes backlog funding.
- d. The 2015/16 district heating schemes are planned to be brought forward to 2014/15.

51. The programme reprioritisation has been able to respond to resident priorities, enabling a number of estates / blocks in the programme including Priory Court, Pelican Estate, Havil Street, Lettsom Estate, Comus House, Heaton House and some blocks on the Tabard Estate to be brought forward. Discussions are also taking place with contractors to bring forward other estates raised as a priority including Rye Hill Park Estate, Caroline Gardens, Brimington Estate, Street Properties, Melford Court, Forbes Court/ Gould Court, Princess Court and Countisbury House.

RESOURCES

Additional resources secured

52. The 18 October cabinet report allowed for £29m of backlog funding towards the Housing Investment Programme. After a successful bid for backlog funding the council has received grants for £12.1m in 2012/13 and provisionally been allocated £15m in 2013/14 and £50.7m in 2014/15 based upon making agreed numbers of properties Decent. This is an additional £48.8m that was not accounted for in the original resources planned for the programme. The confirmation of this funding has allowed for the WDS programme to be brought forward.

53. British Gas is required to undertake works to reduce Carbon Emissions and is keen to work with social landlords to use resources to reduce emissions by carrying out environmental work on estates. The council is working with British Gas to deliver environmental improvements including roofs, windows and cavity work. This is at a notional cost to Southwark. The council is piloting an initial package of works in Bermondsey and Rotherhithe and if successful this will be rolled out to a larger number of properties. This work reduces the cost of work required through WDS by completing work such as flat roofs and windows and also provides additional benefits such as cavity wall insulation and cladding. As British Gas are carrying out this work it also will mean that this is at no charge to

leaseholders, therefore it will reduce leasehold bills in delivering WDS. As this is a pilot, the council will need to assess the success of the work and the likely impact on resources. The cost of windows and flat roofs alone for 2013-16 WDS estates was estimated to be around £40m, so there is a huge potential for increased funding for the WDS programme. This is potentially great news for delivering value for residents and especially good news for leaseholders for whose bills would be greatly reduced. Although the potential is huge we will monitor the success of the pilot before expediting the benefits across a larger number of properties. In addition to the British Gas pilot we are also in talks to secure funding through our partnering contractors Apollo to provide insulation and cladding on Drayton and Langland on the Elmington Estate.

Planned Resources

54. The original resource estimates for WDS resources were based on information from the stock condition survey. Stock condition is a planning tool that allows prioritisation and estimates of costs of work. At the time of the WDS programme being put together the stock condition database contained 11% of real data. Meaning that actually only 11% of the stock had actually physically been surveyed. The other 89% of the data was cloned based upon this survey. Using this data a programme of works across the stock was put together to meet the WDS standard in the report to cabinet in May 2011. The key elements in need of replacement were assigned costs based on the costs in the partnering contracts. A 30% increase took into account other costs such preliminary works as well as contractors and Southwark's management costs. Inflation was also accounted for.
55. The first schemes on the programme that were estimated from the stock condition survey were the 2012/13 programme. When the schemes were due to start contractors carried out detailed surveys and priced the works before agreeing them with the council. Management costs were then applied. Initial work has indicated that the estimates from the stock condition survey are generally underestimating the scope and cost of works.
56. The estimates for the stock condition for 2012/13 WDS programme against agreed project costs where they have been finalised:

Project Name	Original WDS Budget	Effective Approved Budget	Cost Difference	% increase	Funding for difference
Brandon (Camberwell)	£449,202	£1,002,998	£553,796	123%	Contingency
Comber Phase 1	£1,000,379	£3,049,561	£2,049,182	205%	Contingency
Comber Phase 2	£400,000	£702,311	£302,311	76%	Contingency
Croxted Road**	£107,164	£1,194,857	£1,087,693	1015%**	Contingency
Elmington WDS	£1,870,631	£3,288,501	£1,417,870	76%	Contingency

Project Name	Original WDS Budget	Effective Approved Budget	Cost Difference	% increase	Funding for difference
Elmington (Drayton Langland)	£1,500,000	£2,095,813	£595,813	40%	Contingency
Street properties 2012/3 (inc Sunray 2012)	£3,439,003	£4,656,319	£1,217,315	35%	Contingency
TOTAL	£8,766,379	£15,990,359	£7,223,979		

**The increase at Croxted Road was largely due to a roof replacement that was not identified in the original stock condition survey.

57. This shows an average of 82% increase in the approved budget against the original programmed estimated costs for the prices that have been agreed. The main reasons for the difference in costs are:
- a. the fact that there was only 11% real stock data
 - b. insufficient allowance scaffolding costs and asbestos costs
 - c. preliminary work costs
 - d. 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.
58. An allowance was made in the estimate based on the information available at that time but it has been found that so far this has proved insufficient to cover the full costs of actually delivering WDS in practice.
59. Although the costs are coming out higher than expected, the works are addressing the priorities set by cabinet of ensuring that homes are Warm, Dry and Safe.
60. The major works team are in the process of remodelling costs based on the actual agreed budgets and updated stock condition data. Using Southwark's in house surveyors around 32% of the stock data is now from actual surveys and this has focused specifically on the programmed works giving a more accurate picture of the likely work to the estates and the programmes. However, further work is required to model the resources required.
61. The council has in principle secured an additional £48.8m through backlog funding that was not part of the agreed resources in the 18 October 2011 report. In addition, if the pilots are successful, the British Gas funded works could potentially have a huge impact on reducing the costs of delivering WDS. Although it is too early to fully assess the impact the resources that might be delivered by British Gas, estimated savings from the pilot scheme indicate that significant savings could be made, especially where schemes require windows and flat roofs to meet WDS.
62. A further half year WDS report in December 2013 will contain a revised cost estimate based on actual budget costs from 2013/14 programme and will estimate the likely contribution that British Gas can make to the cost of the programme. A full forward programme based on those revised costs will be

provided.

63. In the meantime, given the levels of spend required to meet WDS an additional £48.8m provisionally secured through additional Decent Homes backlog funding is to be added to the investment programme assumptions on top of the £326m already allocated to WDS. A further report in December 2013 will formally request for any additional resources, if required, for the completion of the WDS programme.

The Right Priorities and Resident Perception

64. From 2000 the UK Government required all social housing to meet set standards of Decency by 2010. In coming to power the current administration was determined to ensure all residents benefited from capital investment by ensuring that this standard was met and meeting its manifesto commitment of making all homes Warm, Dry and Safe. Having missed the original Government deadline, Southwark is now ensuring that it complies with the standards as soon as possible which continue to apply through the Homes and Communities Agency's Regulatory Framework For Social Housing In England, that states "*registered providers shall ensure that tenants' homes meet the standard set out in section five of the Government's Decent Homes Guidance and continue to maintain their homes to at least this standard*".
65. Through the "Putting Residents First" consultation programme the council are actively engaging with residents on all aspects of the works. Whilst most tenants are pleased that they are receiving works to their properties, some leaseholders are understandably concerned about the costs they will incur as a result of works that are being undertaken. The funded WDS programme brings all properties up an agreed standard and means that all residents will enjoy a Warm, Dry and Safe home. However, tenants understandably have aspirations beyond WDS and this is expressed either through strong views about what works should be carried out or by not engaging in the consultation programme. Officers are already working up an asset management strategy in tandem with the consultation on the Housing Commission which will make recommendations for the focus beyond the delivery of the current WDS programme which concludes in 2016. The feedback on the quality of the WDS programme is collated quarterly via a consultation survey.
66. The consolidated 2012/13 survey results are:
 - a. Satisfied with quality of works – 75% (17% dissatisfied, 8% neither)
 - b. Satisfied with service provided by contractors – 65% (19% dissatisfied, 16% neither)
 - c. Satisfied that views being taken into account during the consultation process – 61% (18% dissatisfied, 21% neither)
 - d. Satisfaction with service provided by Southwark – 62% (21% dissatisfied, 17% neither)
67. Further work is required to analyse the reasons for dissatisfaction in order to improve the service. An early meeting for leaseholders has already been introduced to talk to them about the scope and costs of works. As more schemes are completed the major works team will be working with contractors to ensure that a higher return rate is achieved. Further benchmarking and analysis of the survey and the results will be undertaken to give further information that can be

used to improve the service.

Contracts and Achieving Value for Money

68. The council has been working with its partnering contractors to deliver price harmonisation and value in the supply chain. This is yielding better value in delivering key elements required to deliver WDS. With the mutual conclusion of two of the five partnering contracts the council will be able to further test the market through tendering of contracts which will provide a benchmark on costs of key elements and work.
69. Going forward the council is currently exploring options to make sure that it has efficient and excellent value from its contracts. The current framework contracts that still remain in place are the first option to deliver works, however, the council is also exploring other frameworks for the future including two lists of 6-10 contractors that could be chosen to tender for projects across the borough.

Future Work Streams

70. 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 responses to the consultation and in line with the strategy for council housing. With the HRA now self financing coupled with the borrowing headroom the council has an opportunity to do things differently, but this must be supported by sound asset led information to make sure cost effective decisions are taken.
71. Further development of the asset management information and systems will support the development of the asset strategy. This will allow for a more informed consideration of the long-term risk on assets and liabilities. Improved data will help assess which estates are not economical to repair and will be key in developing cost-effective approaches to decision making so that the value of the assets can be maximised. With this in mind the Housing and Community Services Department is exploring requirements for a system to serve it in terms of information and capability. This may include development of the current Apex system or procurement of a new system.

Other Major Works Projects

72. A further million pounds from revenue a resource has been earmarked for external and communal decorations. The programmes will be carried out in conjunction with the existing 2013/14 WDS programme and the intention is to target resources at Spenlow House on the Dickens Estate and street properties.
73. Proposals are expected back by May to look at developer proposals for the Aylesbury Estate. The WDS programme will have to be assessed to ensure that investment reflects value with the scheduling of the regeneration works. Heating proposals may also need upgrading to ensure the service is maintained throughout the regeneration process. Significant investment has been required to the existing heating network and this will need to be funded from the Aylesbury planned preventative budget.

74. Phase 1 of programme of works to refurbish TRA halls has begun and a hostels capital programme continues with work begun at Priter Road. The hidden homes programme is being delivered with a scheme worth £689k in works and fees currently on site.

Programme Investment Delivery

75. To ensure the successful delivery of the programme the project teams within the major works division who responsible for the delivery of projects are given clear milestones and targets to work to along with clear levels of delegated authority.
76. 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.
77. 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.
78. 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.
79. An annual progress report will be sent to cabinet with a further report this year in December 2013 containing revised cost estimates for the completion of the programme.

Conclusion

80. The WDS programme is on course to be fully committed by the end of 2015/16. The overall programme continues to accelerate, despite the initial delays whilst waiting for the decision of the Upper Tribunal on the major works partnering contracts and some schemes being delayed whilst alternative provisions were put in place following the swift actions taken to resolve contractual issues. From a relatively low spend in 2011/12, the 2012/13 spend target was achieved and the programme is continuing to accelerate into 2013/14. The current year will be key in the delivery of the overall WDS programme, with the 2012/13 schemes completing and the 2013/14 and 2014/15 brought forward schemes starting on site.

Policy implications

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

Community impact statement

83. The community impact of the proposed programme was assessed as part of the 31 May 2011 report titled Housing Investment Programme and Revised Strategy.
84. 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.
85. 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.
86. 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.
87. 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.
88. A possible impact depending on how areas are prioritised for works is the way communities are clustered in the blocks benefiting from investment. If the public perception is that some communities are disproportionately benefiting from investment this might cause issues if other groups are perceived to be losing out.
89. Therefore, in order to pay due regard to the Equality Act general duty to "Foster good relations between persons who share a relevant protected characteristic and person who do not share it" an analysis of the demographics of the people living in the blocks benefiting from investment is recommended. The data will help to ensure the council can robustly explain the basis of the investment strategy decisions and the correlation to the communities and people with protected characteristics that happen to live in the blocks.

Investment implications

90. The Housing Investment Programme (HIP) seeks to ensure that investment in the housing stock is targeted in line with the council's priorities, such as making all homes Warm Dry and Safe, and its other obligations as a landlord. It is planned around the level of resources estimated to be available for the coming years. These include a number of different funding streams, which have varying degrees of certainty, making it essential that the programme has flexibility to respond to changing circumstances.

91. It is important that any change in the assumptions around the level of resources is included into the HIP estimates to ensure that adequate level of resources is made available to deliver Warm, Dry and Safe homes.

Resource implications

92. The report sets out progress made against the WDS programme to date and targets over the remaining programme period to 2015/16. Funding of £326m was originally identified for WDS as part of the wider investment programme of £465m in October 2011. Only £29m of Decent Homes backlog funding was assumed as part of the resource pot and subsequently an additional £48.8m has been approved by the GLA (£77.8m in total).
93. Experience to date shows that scheme costs generally are running in excess of the original estimates for the reasons set out in the report and is likely to require further resources to be committed to the programme. Detailed work is currently being undertaken to better assess the likely resource needs and will be reported to cabinet in December 2013. In the interim, it is proposed to provisionally earmark the additional backlog funding for the WDS programme.

Consultation

94. 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

95. This report requires cabinet to note a number of actions relating to the Warm, Dry and Safe programme. 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 Warm, Dry and Safe initiative.

Strategic Director of Finance and Corporate Services (FC13/033)

96. This report is requesting cabinet to note the status of the Housing Investment Programme with reference to the Warm, Dry and Safe programme and the appendices provide details by schemes.
97. The report is also requesting cabinet to note that an additional £48.8m secured through Decent Homes backlog funding is added to the investment assumptions for the delivery of the Warm, Dry and Safe programme in addition to the current resources. It is noted that the additional funding expected is provisional and will be based on the number of properties being made decent.
98. It is understood that this expected additional grant funding is currently included as contingency within the Housing Investment Programme until the costs of the Warm, Dry and Safe projects are reviewed for a further report to cabinet in December 2013. The report in December 2013 is expected to provide an update on the costs of the Warm, Dry and Safe programmes together with this additional grant funding.

99. It is also noted that Council collaboration with British Gas to deliver environmental improvements projects may deliver significant savings on the current Warm, Dry and Safe programmes and lead to additional funds available for WDS projects, as reflected in paragraph 53. However, it should be noted that no commitments should be made at this stage beyond the £326m budget agreed by cabinet on 18 October 2011 and a further report in December 2013 will formally request for any additional resources, if required, for the completion of the Warm, Dry and Safe programme.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Investment Programme – Confirmation of Five Year Programme and Update on the High Investment Need Estates Options Appraisal Project 18 October 2011. The document is available to view on this web page: http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=3816&Ver=4	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
Housing Investment Programme and Revised Strategy 31 May 2011. The document is available to view on this web page: http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=3866&Ver=4	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293

APPENDICES

No.	Title
Appendix 1	Housing Investment Programme Overview
Appendix 2	Programme Achievements
Appendix 3	Outline future programme

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Gerri Scott, Strategic Director Housing & Community Services	
Report Author	David Markham, Head of Major Works	
Version	Final	
Dated	13 June 2013	
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	13 June 2013	