

<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 19 July 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Major Works Status Report incorporating Warm, Dry and Safe	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member For Housing	

## **FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING**

In 2010 we made a commitment to bring all of our homes up to a decent standard through our housing investment programme and to achieve the Warm, Dry and Safe (WDS) standard. Our residents, quite rightly, deserve to live in a home that at the very least meets these standards.

In April 2011 only 55.86% of our housing stock met this standard but the last five years have seen a record level of investment to improve our housing portfolio to meet the decent homes standard. I am proud to announce that at the end of the 2015/16 financial year 91.3% of our homes now meet the decent homes standard and this is a testament to the commitment and hard work that has been undertaken to achieve this. Works have been carried out to over 30,000 homes across the borough and an extensive programme of works has also been carried out on temporary accommodation hostels and tenants and residents halls.

Our Quality Homes Investment Programme (QHIP) is now in place following public consultation which will ensure that cyclical works, including external decorations, will continue as part of our commitment to maintain our housing stock to a decent standard. We are also delivering on our promise of new kitchens and bathrooms and this has now started to roll out across the borough.

This report sets out what we have achieved and the current status of the housing investment programme.

## **RECOMMENDATIONS**

That cabinet

1. Notes the status of the housing investment programmes at the end of March 2016 with particular reference to achieving the Warm, Dry and Safe (WDS) standard.
2. Notes that the current WDS commitments and that the first year of delivering the kitchen and bathroom guarantee is being delivered alongside the WDS investment.
3. Notes at the end of 2015/16 the housing stock stood at a 91.3% decency level. The pre-WDS figure was 56% in April 2010.

4. Notes that over 30,000 properties had received works or were in the process of receiving works to their homes or blocks at the end of March 2016 as part of the WDS programme.
5. Notes that over £130m of GLA funding has been drawn down to help deliver the programme.
6. Notes that this report will be sent to Home Owners' Council, Tenant Council and Future Steering Board following cabinet approval.

## **Summary**

7. It is a key priority of the council to make every home in Southwark warm, dry and safe. This paper is to an update on the WDS investment as at the end of March 2016.
8. Over £400m has been spent on delivering WDS at the end of March 2016.
9. Decency was at 91.3% at the end of 2015/16 reflecting the huge investment that the council has undertaken across the borough.
10. Alongside the final year of WDS commitments the council has begun to deliver the first year of a kitchen and bathroom programme.
11. A new asset management strategy was agreed by cabinet in March 2016 that will ensure high levels of decency are maintained, roll out the kitchen and bathroom guarantee and make sure properties receive a cyclical maintenance and decoration programme.
12. Over £130m GLA backlog funding has been drawn down to March 2016 towards the funding of the programme.

## **BACKGROUND INFORMATION**

### **Introduction**

13. On 18 October 2011 cabinet agreed a detailed five year housing investment programme.
14. 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.
15. 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).
16. 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.’
17. On 25 February 2015 cabinet established kitchen and bathroom investment to “deliver a quality kitchen and bathroom for every council tenant”, with an initial year alongside the current WDS investment in 2015/16.
18. On 15 March 2016 cabinet agreed a new asset management strategy including an 8-10 year plan to maintain decency and deliver the kitchen and bathroom guarantee across Southwark.

## KEY ISSUES FOR CONSIDERATION

### What Has Been Achieved – Overall Position

19. At the end of March 2015, over £400m had been spent in five years of the WDS programmes.
20. A summary of progress from 2011/12-2015/16 is given below with a more detailed breakdown given in Appendix 2.

Budget heading	Progress Status	Description of progress
Four Squares (security and WDS)	<b>On site</b>	Four Squares was started in 2012/13 as scheduled. Additional HINE funding has been agreed for this scheme that will complete later in 2016/17.
Elmington (Drayton / Langland)	<b>Completed</b>	Elmington was started in 2012/13 and completed in 2013/14.
WDS - Landlord Obligations (Individual Heating)	<b>Completed</b>	The individual boiler programme has successfully run throughout the WDS programme and will continue as part of the new programme.
WDS - Landlord Obligations (District Heating)	<b>On going</b>	All the planned schemes up to the end of 2014/15 are completed. The remaining 15/16 schemes requiring works have been committed with the following exceptions that are to be committed in 2016/17: <ul style="list-style-type: none"> <li>• Leysdown Boiler House boiler &amp; Soane House Boiler House boiler</li> <li>• Acorn Mains</li> </ul>
WDS - Landlord Obligations (Electrical Works)	<b>Completed</b>	Works were completed to Guthrie/Jurston laterals and Whitworth/Ellington (Rockingham) incoming mains.

<b>Budget heading</b>	<b>Progress Status</b>	<b>Description of progress</b>
WDS - Landlord Obligations (Lifts)	<b>Completed</b>	This programmed refurbishments up to 2015/16 have been completed.
WDS Estates 2012/13 and WDS Street Properties 2012/13	<b>Completed</b>	14 schemes have completed.
WDS Estates 2013/14 and WDS Street Properties 2013/14	<b>On site or completed.</b>	10 out of 12 schemes have been committed (8 completed) the exceptions being: <ul style="list-style-type: none"> <li>• Tustin has been delayed due to the scope of works required and wider considerations on the estate.</li> <li>• Acorn was delayed pending heating works and now to be completed alongside the new programme.</li> </ul>
WDS Estates 2014/15 and WDS Street Properties 2014/15	<b>On site or completed.</b>	40 out of 41 schemes have been committed (30 completed) the exception being: <ul style="list-style-type: none"> <li>• D'Eynsford Estate (Externals) pending heating works</li> </ul>
WDS Estates 2015/16 and WDS Street Properties 2015/16	<b>On site or completed.</b>	92 out of 106 schemes have been committed (41 completed) the exceptions being: <ul style="list-style-type: none"> <li>• Chilton Grove Externals (due to a wider consultation);</li> <li>• Castlemead Tower (delayed due to investigations around improved methods of delivery);</li> <li>• Princess, Countisbury, Lyall (due to further cost benefit analysis required on the scope of the works)</li> <li>• Electrical Package 6 (SHU's) (due to a change in division delivering the works)</li> <li>• Limes Walk (delayed as shared roofs with freeholders);</li> <li>• Caroline Gardens externals (English Heritage agreement to works);</li> <li>• Lytcott Grove Estate (elongated consultation period)</li> </ul> <p>Follow on works to original WDS works:</p> <ul style="list-style-type: none"> <li>• Brandon 1b;</li> <li>• Gatehouse structural;</li> <li>• Risdon House</li> <li>• Canada Ventilation</li> <li>• 3 streets structural works packages</li> </ul>
Minor Voids Capitalisation	<b>Completed</b>	Voids capitalisation, allocation utilised.
Minor Voids WDS Works	<b>Completed</b>	Minor voids works on target, allocation utilised.

Budget heading	Progress Status	Description of progress
<b>Current Schemes</b>		
Fire Risk Assessment (FRA) works - current	<b>Substantial risk blocks Completed</b>	All substantial risk high rise blocks complete.
	<b>Higher Moderate risk blocks Completed</b>	All the originally planned higher risk high rise moderate risk blocks are complete.
2 year programme	<b>Completed</b>	The original 2 year programme has been completed.
Hawkstone	<b>Completed</b>	Completed in 2015/16.

21. From 2011/12-2015/16:

- a. Over 30,000 of Southwark's 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. Over 1,200 council homes have been provided with a new kitchen and/or bathroom as part of the kitchen and bathroom guarantee
- c. In addition, fire safety works have been completed to all the substantial risk blocks and all the originally identified higher moderate high rise blocks through the FRA programme.
- d. Over 160 lifts have been refurbished as part of the lifts programme.
- e. Around 9,000 individual boilers have been replaced and many more residents have benefited from district heating works.

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

22. 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.
23. 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 completed alongside the 2015/16 works.
24. As part of the new asset management strategy Southwark committed to continue works required to reduce the risk from the spread of fire and smoke highlighted from FRAs. This work will usually be integrated into the cyclical programme to bring the building components of all remaining blocks to a 'tolerable' rating within the first cycle of the new programme (8-10 years). The works are typically ventilation adjustments, fire stopping, replacements of doors to properties and communal doors to meet standards required by the fire safety regulations.
25. Cabinet has also agreed funding to install sprinkler systems into sheltered and hostel accommodation and this will be completed by October 2016. LD2 alarm installations have been installed into the highest priority blocks and street conversions, however a small percentage remain outstanding due to access issues and options are being considered to progress these. Programmes for FRA works are progressing, as well as a five year programme of electrical testing blocks.

26. Work is being undertaken to prioritise future work and reduce fire risk in discussion with the London Fire Brigade (LFB). LFB have been provided with block plans for all 5+ story blocks. Residents in high rise blocks have been provided with fire safety information and these will be issued to other residents over the coming years.

### **What has been achieved – Decent Homes**

27. 91.3% of the council's rented accommodation was decent at the end of March 2016.
28. There are a number of projects where the council will still be working to achieve decency at March 2016, so work will continue on estates such as Portland, the second phase of works on the Aylesbury Estate and some of the 2015/16 schemes.
29. Beyond WDS, decency will be maintained through the new programme outlined in the new asset management strategy in the March 2016 cabinet report.

### **RESOURCES**

#### **Additional resources secured**

30. After successful bids for backlog funding the council has received grants for £12.1m in 2012/13, £32.4m in 2013/14, £32.3m in 2014/15 and a further £53.0m in 2015/16. The backlog funding has allowed a programme to be delivered to help deliver the WDS standard across Southwark's homes.
31. As part of the programme British Gas undertook works to reduce carbon emissions through an ECO Agreement. The council worked 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. 5036 properties have received cavity wall insulation (CWI)
  - b. 1173 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**

32. 2016/17 will be the final year of significant expenditure on the WDS programme, largely to complete committed works. Spend was higher than originally anticipated at the start of the programme due to:
  - 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. 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
- f. the scope of works required on some schemes was considerably more than originally anticipated, such as with Four Squares.

### Estimated spend profile

33. The estimated spend profile is:

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£36.6m	£64.5m	£82.5m	£100.1m	£129.8m	£100m	£2m

34. There are a few schemes where funding is considered outside the WDS scope as they include 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. Tustin where major investment is needed in the tower blocks but the estate is subject to a wider consultation
  - c. Maydew which will be partly funded through increased sales receipts rather than from the current capital funding arrangements

### Resident perception

35. 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	2015/16	2013/14	2014/15	2015/16
Satisfied with quality of works	86%	92%	94%	80%	91%	93%
Satisfied with service provided by contractors	85%	92%	94%	79%	90%	94%
Satisfaction with service provided by Southwark	77%	87%	83%	74%	85%	83%

36. The satisfaction on WDS refurbishment works and the service provided by contractors continues to improve. There was a slight dip in satisfaction with the council which is due to the low level of works to meet the WDS standard on a number of contracts. We have a number of contracts predominantly delivering only internal electrical works or lateral mains works and contracts commissioned prior to cabinet agreeing to begin the kitchen and bathroom programme.
37. The 2015/16 split shows tenants continue to be more satisfied than homeowners. The main reason for homeowners' dissatisfaction is around the cost. All of the contracts have been competitively tendered and the council has

an extensive consultation process including information on the procurement method and cost of works.

2015/16 Area	Satisfaction on main WDS refurbishment works			Overall satisfaction for all major works		
	Overall	Tenant	Homeowner	Overall	Tenant	Homeowner
Satisfied with quality of works	94%	96%	70%	93%	96%	70%
Satisfied with service provided by contractors	94%	96%	80%	94%	96%	80%
Satisfaction with service provided by Southwark	83%	86%	59%	83%	86%	55%

### Current work streams

38. A 30-year asset management strategy has been developed and agreed by cabinet in March 2016. Homes across the borough will receive investment delivered through an on-going cyclical programme initially over 8 to 10 years. The first year schemes in the programme are being worked up to be committed in 2016/17.
39. The standard for the new programme can be summarised as:
  - a. Maintaining the council housing stock to the Government's Decent Homes Standard
  - b. Keep homes in a reasonable state of decorative repair and maintenance
  - c. Provide a quality kitchen and bathroom
  - d. Providing programmed upgrades to other 'non decency' components such as lifts
  - e. Provide programmed works required from FRAs to maintain the building components of all blocks to a 'tolerable' rating.
40. A project to develop the asset management information and system that will support the development of the ongoing asset strategy is underway, with work on the Northgate integration, IT infrastructure upgrade and mobile working completed. Work on the servicing module is continuing to enable our compliance systems to be managed on a single system. This project will make sure asset information and management takes place on a single system that will allow for a more informed consideration of the long-term risk on assets and liabilities.
41. A new major works contractor framework is now in place whereby two lists of contractors can be selected 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 and have non exclusive extensions with termination at will clauses. Mini-competition will be used via the framework for those areas where there are no major works partnering contracts in place.

## **Other Major Works Projects**

42. The Lakanal refurbishment is on site and expected to be finished in 2016/17, with work then starting on the undercroft and new build. Work is continuing to the Tenant and Resident Association (TRA) Halls programmes with Phase 2, Phase 3 and Phase 4 completed as well as FRA works to the halls. Work on Temporary Accommodation Phase 4 and Phase 5 has completed.

## **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 director of asset management is responsible for the delivery of the programme. Progress against targets and strategic issues are addressed by the strategic director of housing and modernisation when required. A Core Group chaired by the cabinet member for housing and attended by resident representatives monitors KPIs and the delivery of the programme.
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 to report on the progress of the new asset management strategy.

## **Conclusion**

48. The WDS programmes have delivered on the promises set out in 2011, the kitchen and bathroom guarantee has started to be delivered and decency is now at a high level of 91.3%. The council is now building on this work through delivery of the new asset management strategy which over the next 8-10 years will deliver a higher standard across the council's properties.

## **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 2016.
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. The budget from the asset management programme from 2016/17 is being approved annually, with the first year's budget of £48.3m, approved alongside the asset management strategy on 15 March 2016.
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, Tenant Council and Future Steering Board following cabinet approval.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

61. This report requires cabinet to note the current status in relation 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 and the new asset management strategy.

### **Strategic Director of Finance and Governance**

62. This report is requesting cabinet to note the status of the Warm Dry and Safe programme within the overall Housing Investment Programmes (HIP) as at March 2016.
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. Section 33 of the report indicates remaining spending in 2016/17 and 2017/18 at £102m, included in the Housing Investment Programme.
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. Given recent government policy initiatives and changes to key HRA business planning assumptions, (all of which are detrimental to the council's financial position), there is no clear visibility around long-term resource planning which raises the critical issue of affordability. There remains scope to derive greater benefit from the council's own asset base and a need to explore options for levering-in external funding from government and through joint venture arrangements and alternative delivery models with the public/private sector. Without this, it will be necessary to review existing plans, to re-prioritise, re-phase and extend the programme lifecycle, and in extreme circumstances consider the possible curtailment of programmed activity.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Asset Management Strategy Kitchens and Bathrooms Programme 2016/16	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4867&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=4867&amp;Ver=4</a>		
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
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=3816&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=3816&amp;Ver=4</a>		
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
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=3866&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=3866&amp;Ver=4</a>		

## APPENDICES

No.	Title
Appendix 1	The programmes in pictures (circulated separately)
Appendix 2	Programmes Achievements (circulated separately)

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
<b>Lead Officer</b>	Gerri Scott, Strategic Director Housing & Modernisation	
<b>Report Author</b>	David Markham, Director of Asset Management	
<b>Version</b>	Final	
<b>Dated</b>	6 July 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	6 July 2016	