

Lead Officer: Executive director of adult services, health and housing

Wards: All

Agenda Item: 9

Subject: MAJOR REPAIRS AND IMPROVEMENTS - CAPITAL
PROGRAMME 2013/14

1. RECOMMENDATIONS

- 1.1. The panel is asked to note the detailed major repairs and improvements programme for 2013/14 (as set out at **Appendix 1**).
-

2. EXECUTIVE SUMMARY

- 2.1. The council owns and manages a stock of 16,182 homes, 14,045 occupied by tenants and 2,113 by leaseholders. The ages of these homes vary with 251 properties (2% of the stock) dating back to the 19th century and the majority (77%) built before 1970. Because all buildings deteriorate over time whether through the normal wear and tear, exposure to the elements, or gradual deterioration of components with use; we need to continually invest in our homes to prevent and reduce deterioration and protect the stock so that it continues to provide good quality housing now and for future generations. At the same time, ongoing investment including in technological advances can help meet the rising expectations of residents and means that we can raise standards thereby improving and not just maintaining homes.
- 2.2. At its meeting on 6 February 2013, the Tenants and Leaseholders Panel considered a report, *Housing Revenue Account Rent, Service Charge, Garage Rent And Budget Setting – 2013/14*, setting out proposals for increasing rents and service charges together with the resource implications.
- 2.3. The panel agreed that £27.771m be allocated to the major repairs and improvements programme for the coming year. This report fills in the detail and sets out exactly how we will use this funding. Resources for the 2013/14 programme are the same as in 2012/13 but almost double the level in 2011/12. This significantly higher level of investment will continue over the next few years enabling us to address backlogs in investment as well continuing to improve our housing stock.
- 2.4. **Appendix 1** provides a summary of the different programmes.
- 2.5. The detailed programme has been drawn up in consultation with the stock investment working group, a group of 12 residents who came together for a series of four meetings to review progress against the repairs and improvements programme in 2012/13, and to consider and amend proposals for 2013/14. Specific changes to the draft programme as a result of the discussions at SIWG include additional annual amounts for play facilities and

CCTV in retirement housing schemes. In the previous year, SIWG had proposed the re-introduction of the supported decorations scheme and the programme now continues to include an annual amount of £250,000 for this purpose.

3. BACKGROUND – THE INVESTMENT NEEDS OF THE HOUSING STOCK

- 3.1. The council maintains a large body of data about its homes and this information enables us to analyse and predict what we need to do in order to maintain the stock over time. We know the average lifetime of components such as boilers and roofs which, together with information about when these were last installed or replaced, tells us how much work we need to do each year to keep them up-to-date and in good repair. We also have an annual programme of home surveys which gives us detailed information about individual properties and also allows us to make certain assumptions about similar homes, as it is not possible to survey every home each year. We also hold information about blocks of flats and estates which tells us about specific works required to communal areas, to which is being added further data from surveys of our entire housing stock that Mulalley, our external decorating contractor, is now undertaking.
- 3.2. There are various ways in which we set standards or determine what we should be doing. As mentioned above, for example, we know that we have to replace some features or installations at the end of their lifetime. We are also committed to maintaining homes to the decent home standard. This is a national standard which provides general guidance to landlords on what makes a property weather-proof, what constitutes a minimum state of repair and minimum level of energy efficiency and what provides a healthy and safe environment in which to live. All of these factors are taken into account in determining when to refurbish or enhance facilities such as kitchens or bathrooms. The government set a target for all social landlords to bring 100% of their stock up to the decent home standard by March 2011 and Croydon was one of the few local authorities in London to achieve this target. However, homes will need ongoing investment to maintain them at this standard and to address the effects of ageing and wear and tear. The information we gather from surveys and works programmes is used to calculate when individual homes are likely to start to fall below the standard and require re-investment.
- 3.3. Whilst the decent home standard addresses a number of important investment areas, it does not take into account all requirements for maintaining the stock; for example it does not cover external decorations, re-wiring or home security which we know are also high priorities for our residents. The focus in recent years on modernising kitchens and bathrooms in order for all homes to meet the decent home standard, an extensive and high-cost programme, has meant a build-up of need in these and other areas. To redress this, we are now increasing investment in external decorations (in order to keep estates looking attractive), re-wiring (in order to modernise electrical systems) and home security to improve the safety of residents.
- 3.4. We are also committed to making improvements to the stock. In particular, we have an annual energy efficiency budget aimed at improving the average SAP rating (a measure of a home's level of energy efficiency) of the stock through activities such as improving insulation and heating upgrades. We are also committed to replacing the remaining single-glazed windows with double glazing through an ongoing programme over the next four years. Other

improvements include an increased investment in communal door entry systems.

- 3.5. Whilst the resources available for investment have increased with the introduction of self-financing in 2012, the council cannot immediately meet all of the requirements described above. In order to manage the full range of investment needs, we consider them over a five year period which allows us to enter in to long term contracts as well as to group activities together and smooth out peaks and troughs in investment. This enables us to achieve economies of scale and get best value for money. We also maximise the use of resources by investing only where individual homes need it; for example, we modernise kitchens and bathrooms where they have been surveyed and identified as requiring works. The five-year investment plan will ensure that we continue to make homes decent as they fall below the standard over time as well as address the build up of need identified above.

4. BACKGROUND – CAPITAL RESOURCES

- 4.1. Table 1 sets out the total capital resources available for investment in 2013/14 and Table 2 summarises how these resources will be allocated.

Table 1: Capital resources 2013/14

Source	£000
HRA major repairs reserve	16,457
HRA unsupported borrowing	9,078
Right to buy receipts	900
Revenue contribution to capital outlay	8,186
Total resources	34,621

Table 2: Capital programme 2013/14

Heading	£000
Assisted private purchase scheme	500
Special transfer payments	250
Larger homes	100
Council new-build homes	6,000
<i>Housing supply measures – sub-total</i>	<i>6,850</i>
Planned maintenance and improvements	27,771
<i>All capital programmes – overall total</i>	<i>34,621</i>

- 4.2. In addition to the resources for major repairs and improvements, the council has set aside a budget of £12.5m for responsive (day to day) repairs reported by residents on an ad-hoc basis; heating and electrical repairs and void refurbishment; and £875,000 for cyclical repairs such as regular repair and servicing of lifts, alarms, adaptations, gas appliances and communal boilers.

5. THE MAJOR REPAIRS AND IMPROVEMENTS PROGRAMME - DETAIL

- 5.1. The overall investment programme is broken down under a number of themes or headings, described more fully below.

Energy efficiency and sustainability

- 5.2. Altogether, we have allocated £3.925m to central heating and energy efficiency measures. This is an increase of £727,000 (23%) since 2012/13 (and almost triple the 2011/12 level).
- 5.3. The main element of this programme is central heating programmed boiler replacements – this is where boilers that are old and inefficient are replaced with modern energy efficient boilers. In addition to a planned programme of replacements, there is also a budget to allow boilers to be replaced as and when identified as part of the three-star gas contract with repairs contractors.
- 5.4. We undertook a trial of “thermal imaging” in 2012/13 and have now allocated £250,000 for a survey of our entire stock. This involves infrared photography to assess the effectiveness of insulation and fittings by seeing how much heat is escaping from properties. The information obtained will allow us to identify problem areas and target future programmes accordingly.

Kitchen and bathroom refurbishment

- 5.5. A key element of the programme to bring all homes up to the decent home standard involved the internal modernisation of kitchens and bathrooms. The kitchen and bathroom refurbishment programme started in 2002/03 and, by the end of 2012/13, 6,478 homes had received new kitchens and/or bathrooms with a total investment of £76.7m.
- 5.6. From now, we will continue to refurbish homes as the facilities reach a certain age (20 years in the case of kitchens, 30 years in the case of bathrooms) as well as experience problems such as disrepair, hazards and poor layout which cannot be otherwise remedied. It should be noted that, where only one room is failing the standard (for example the kitchen) we will only modernise that room and will leave the other room (the bathroom in this case) until it falls below the standard. These strict criteria for assessing the need for modernisation are important if we are to now free up some resources for other programmes which have been held back whilst we tackled the kitchen and bathroom modernisation.
- 5.7. This programme benefitted from an additional £2m investment over the original planned budget in 2012/13 enabling us to modernise an extra 147 homes (598 altogether).
- 5.8. As we survey homes, we add any which need, or are estimated to need, works in the future to the list of properties for inclusion in the programme. There are 374 homes on the list for modernisation in 2013/14 and it is likely that other homes will come to light during the year as needing urgent works. To meet this need, we have allocated £5.1m. A small proportion of this funding will be for extensions where the kitchen does not meet the space standard.

Security

- 5.9. £750,000 has been allocated to the block door entry installation programme and a further £275,000 to provide security grade front and back entrance

doors to individual homes. These are selected using burglary hot spot reports so that the most vulnerable locations are targeted as a priority.

Asbestos removal

- 5.10. We are legally obliged to inspect and test communal areas on an annual basis. £300,000 has been allocated for the inspections, testing and to start a planned programme of removal where asbestos is identified.

Roofs and windows

- 5.11. Replacing the remaining single-glazed windows with double glazed is an area where backlogs exist. We increased the budget in 2012/13 and will continue to invest a similar amount over the next few years (£1.5m in 2013/14). We do not have a planned programme of roof replacements; these are dealt with individually as and when they are identified as failing. There are currently four blocks planned in 2013/14 with a budget of £350,000.

External decorations

- 5.12. We have in place a 15 year partnering contract with Mulalley to paint (as well as carry out associated repairs) the outside of properties. To date, 24 blocks (containing 663 flats including leaseholders) and 1,949 houses have been decorated. Maintaining the external fabric of our homes is important as well as making our estates and houses more attractive to live in. The annual budget is set at £3.5m, increasing from £2.5m in 2012/13.

Rewiring

- 5.13. As mentioned above, this is another area in which a backlog has been developing. Following the award of a new contract in November 2012, we have significantly increased the annual budget (from a level of £785,000 in 2012/13 to £1.6m in 2013/14 and £1.8m a year thereafter) in order to address the backlog and meeting newly-arising need over the next 10 years.

Smoke alarms

- 5.14. The council installed smoke alarms in all of its housing 10 years ago and, since then, as part of carrying out home safety visits, the London Fire Brigade (LFB) has also been replacing alarms. We are approaching the final stage of selecting a new provider and, working closely with the LFB, will be replacing alarms in all properties by March 2014.

Major adaptations

- 5.15. Each year, there is demand from council tenants with disabilities for major adaptations to help them continue to live as safely and independently in the home as possible. Although demand has been constantly increasing because of demographic changes there is evidence that demand is now levelling out. This is probably because we have been meeting a lot of the demand immediately that it is identified or even anticipating demand through the kitchens and bathrooms programme which includes adaptations where a tenant is disabled. We have maintained the budget at the same level again for 2012/13 (£1.350m).
- 5.16. In 2012/13, 107 kitchen and bathroom refurbishments included adaptations where the tenant was disabled and this is something which we will continue in the ongoing kitchen and bathroom programme.

Regulatory Reform Order (fire safety)

- 5.17. The council is legally required to carry out fire risk assessments to the communal parts of all blocks of flats to identify measures to ensure the safety of residents in the event of a fire. In 2007 the council and London Fire Brigade agreed on a timetable of risk assessments and resulting work for our 1,100 blocks. To date, all of the high, medium and low priority blocks have been assessed and improvement works are completed to all high risk blocks and most medium risk blocks. Provision has been made for this work to continue in accordance with the agreed timetable; over time, the level of provision required will diminish as more assessments are completed.

Supported Decoration Scheme

- 5.18. Under this scheme, the council carries out some internal decorations for older and vulnerable residents. As mentioned above, this scheme was re-introduced last year and will continue to have an annual budget of £250,000.

Pest Control

- 5.19. Under this scheme, individual tenants who have problems with rats in their homes can get a free eradication service, and the council carries out block treatments for wider infestations. The annual budget is set at £120,000 to meet demand.

Retirement housing

- 5.20. The budget for retirement homes health and safety works, and other minor works has been increased from £200,000 to £250,000. This is to meet those needs that arise during the year as identified by colleagues in social services. The increase is specifically in response to feedback from the stock investment working group which highlighted security issues which might be resolved by the installation of CCTV.

6. LONGER-TERM STRATEGY AND PLANNING

- 6.1. The introduction of self-financing for the housing revenue account gives us a high degree of certainty about the level of resources available over the next 30 years. Obviously, many things will change over the next three decades which we cannot anticipate (changes to legal requirements or quality standards, problems with the stock, funding opportunities, technology developments and so on) but the certainty is much greater than under the old financial system.
- 6.2. We have therefore developed plans for the capital programme for the next five and, to a lesser extent, for the next 30 years in some detail. We will still review the programme annually and make adjustments over time to reflect ongoing changes in need or residents' priorities. We will be developing proposals for major works or regeneration projects on our estates for implementation from 2018 onwards. In the meantime, we are exploring options for further improving energy efficiency. Two ideas are overcladding of homes with solid wall insulation which are currently hard to heat, and installation of solar panels to houses and blocks of flats which will reduce fuel bills and provide savings to the council. We are exploring various issues relating to these at present – funding opportunities through the government's green deal programme, levels of energy efficiency in the stock through the thermal imaging initiative and the impact of overcladding to some homes at Ritchie Road. We will discuss these options with residents when we have

built up more information.

- 6.3. One of the main ways in which we ensure that the investment programme is delivered well and cost-effectively is through the selection of the best companies to undertake the work, and through the best contract packages, approaches to pricing and so on. Two major procurement exercises will be under way in 2013/14. The first, which has already started, is the re-tendering of the responsive repairs contract and residents are fully involved in this process via the responsive repairs steering group. The other is the re-tendering of planned maintenance and improvement works including the kitchens and bathrooms modernisation programme. Residents will be consulted and involved on this as the approach develops.
- 6.4. It is important that we continue to gather data on the stock to inform the investment programme. The idea of thermal imaging described earlier is one example of how we can add to our current intelligence. The council is increasing the number of stock condition surveyors from one to three so that we can not only increase the number of homes surveyed and ensure that we keep the list of addresses requiring modernisation or other decent homes works up to date but also start to gather information regarding longer term possible investment plans.

7. FINANCIAL CONSIDERATIONS

- 7.1. The major repairs and improvements programme is funded from the housing revenue account and from loans taken out against that account. The high level programme of planned maintenance for 2012/13 was approved by Cabinet on 20 February 2012.
- 7.2. The council will continue to identify uneconomical properties for disposal as 100% of capital receipts can be reinvested back into the capital programme. However, our approach will be to retain these wherever possible because of the severe shortage of affordable housing in the borough.
- 7.3. Changes to the right to buy legislation, including an increase to the available discount to a maximum of £75,000 in London, has significantly increased the number of tenants applying and purchasing their homes. We will be monitoring the trend in purchases and the impact on our business plan in relation to the additional revenue from the purchases, on the one hand, and the loss of rental income on the other.

8. EQUALITIES CONSIDERATIONS

- 8.1. Works of repair and improvement are carried out in close consultation with residents. Opportunities to comment on the works proposed are via various means in order to ensure that all residents affected are not unnecessarily excluded from the consultation process. The work itself improves the quality of life and enjoyment of the home for residents and in many cases will reduce energy bills and improve thermal comfort levels thereby helping older people and households on low incomes. Other works are included which will improve the quality of life for disabled and elderly residents and the needs of these residents are taken into account when designing the refurbishment and

- 8.2. All companies tendering for work under this programme will be asked to respond to six standard questions on racial equality issues as approved by the Secretary of State, as part of their tender submissions.
- 8.3. We are required to carry out equality impact assessments of new programmes and policies and this will include the re-tendering exercises and the asset management strategy itself.

9. ENVIRONMENTAL CONSIDERATIONS

- 9.1. The investment programme includes a number of measures which will help to increase the energy efficiency of the housing stock. As well as help to cut fuel bills, this will save on non-renewable energy resources and reduce carbon emissions. The measures include converting properties with storage heating to gas central heating, a more energy efficient method of heating, and a small overcladding programme for homes with solid wall insulation. The council has recently commissioned a consultant to carry out assessments to homes when they become vacant and to issue energy performance certificates which will include an energy rating. Together with the thermal imaging exercise and ongoing surveys of the stock, this will help us to build up a comprehensive picture of energy efficiency and priorities for investment.

Report Author: Peter Brown, director of housing needs and strategy, ext. 62851
Contact Officer: Elaine Wadsworth, head of housing strategy, commissioning and Standards, ext 62345

Background Documents None

Appendix Capital Investment Programme 2013/14

Central Heating / Energy Efficiency Programmes £000s	2013/14
Carbon Monoxide Detectors	10
Central Heating - Repairs Replacements	400
Change from Storage to Gas Central Heating	30
Central Heating Programmed Replacements	2,750
Communal Boiler Replacement	200
Energy Performance Certificates	40
Thermal Imaging	250
Overcladding & Associated Measures	200
Renewable Energy and Energy Efficiency	45
Central Heating / Energy Efficiency Sub-Total	3,925

Kitchen and Bathroom Programmes £000s	2013/14
Kitchen and Bathroom Extensions	450
Kitchen and Bathroom Refurbishment	4,650
Kitchen and Bathrooms Sub-Total	5,100

Security Programmes £000s	2013/14
Door Entry Installation to Blocks	750
Individual Security Doors Installation	275
Security Sub-Total	1,025

Other Programmes £000s	2013/14
Asbestos Strategy - Removal	300
Major External Block Works - Auckland Road and Braidwood House 2013/14	450
Decent Homes Standard - Key Components - Windows	1,500
Decent Homes Standard - Key Components - Roofs	350
External Painting	3,500
Communal Flooring	250
Garages - Refurbishment and Demolition	250
Lift Refurbishment	270
Lift Survey and Profiling	30
Major Adaptations	1,350
Regulatory Reform Order (Fire Safety)	1,715
Rewiring	1,600
Smoke alarm replacement	1,000
Stock Investment Capitalised Salaries	150
Subsidence - Expenditure	215
Support Costs	2,095
Supported Decorations Scheme	250
Other Programmes Sub-Total	15,275

Miscellaneous Programmes £000s	2013/14
Apex Development	55
Cold Water Tanks Renewal	50
Door Entry Replacements	25
Health and Safety Works	100
Inspection & Maintenance of Playgrounds & Equipment	16

New Playgrounds	30
Lift Motor Room Improvements	30
Major Ad Hoc Works (incl Major Works Voids)	350
Minor Ad Hoc Adaptations - New Tenants	10
Minor Estate Improvements	95
PAC Testing	15
Pest Control	120
Replacement of Warden Alarm Systems	100
Retirement Homes Health & Safety & Minor Works (inc. CCTV)	250
Sprinklers - Special Sheltered	1,200
Miscellaneous Programmes Sub-Total	2,446