

TENANTS AND LEASEHOLDERS PANEL
16 January 2017

Lead Officer(s): Director of District Centres and Regeneration

Wards: All

Agenda Item:- 7

Subject: STOCK INVESTMENT PROGRAMME 2017/18

RECOMMENDATIONS

The Panel is asked to note and provide feedback on the proposed 2017/18 capital investment programme relating to investment in the council's housing stock set out at Appendix 1.

The Panel is also asked to note that the council is forming a capital investment service improvement group in response to requests from residents. There was an introductory meeting held on 29 November 2016 and the proposed programme was reviewed with residents at that meeting. In future the stock investment programme will be developed with input from this group.

1. Purpose of Report

1.1. Each year, the council undertakes a programme of investment in its housing stock. Within this overall programme is a range of works to maintain and improve individual properties, blocks and the wider environment in which the council's housing stock is located. This report provides an overview of the planned investment programme for 2017/18 and compares this to the investment made in 2016/17. It also sets out the council's future approach to involving residents in setting this programme.

2. Background

2.1. The council has an ambition, as set out in the Community Strategy 2015-18 and Corporate Plan 2015-18 (both available on the council's website), to create places where people want to and are proud to live, to provide homes that are decent, safe and affordable and, in doing so, to create the context in which families can thrive at work, in education and the community.

2.2. The council has 13,687 tenanted homes within the housing revenue account (HRA). These are maintained and improved through an ongoing programme of capital investment. The council also has 2,304 leasehold homes that benefit from works carried out to the 1,100 blocks in the HRA. Works to these blocks are generally recharged to the owners of the leasehold flats.

2.3. The specific aims of the investment programme are to:

- Improve the living conditions of residents through works such as new kitchens and bathrooms.
- Make homes warmer, more energy efficient and cheaper to heat whilst reducing the borough's carbon footprint, by installing new double glazing, loft insulation, central heating systems or insulation technologies for properties that do not have cavity walls. This can contribute to reducing issues with damp and mould that can affect people's health as well as addressing fuel poverty.
- Rewire homes so that they are more suited to modern living styles.
- Maintain buildings and estates to prevent deterioration and address the effects of ageing, wear and tear, and environmental factors, in order to maximise the life and value of each property and its components (such as windows, roofs, floors, boilers etc).
- Meet statutory and regulatory requirements, e.g. in relation to fire safety and asbestos
- Improve the accessibility of properties, blocks and neighbourhoods for people with mobility or other disabilities
- Ensure that properties, blocks and neighbourhoods cater to older and vulnerable people through providing a range of adaptations to homes and providing additional services such as mobility scooter stores or accessible gardens in sheltered schemes
- Make best use of the housing stock through the conversion of homes to better meet the housing needs of residents in the borough or through the provision of specific facilities to meet a need.
- Improve the quality and appearance of buildings and neighbourhoods, thereby providing safe and attractive places in which people want to live.

2.4. The housing strategy sets out some specific targets:

- 100% of homes to be maintained at the decent home standard over time. The council has achieved a constant 99-100% over the last six years (see Appendix 3).
- A year-on-year improvement in energy efficiency as measured by RdSAP. The council has improved on this measure since 2013 (see Appendix 3) and is above the national average for social housing. The target for 2020 is now 70.6 against the current rating of 67.99 that was achieved in 2016.
- To assess and improve fire safety by working closely with the fire brigade, with 100% of blocks of flats complying with regulations. The council is forecast to achieve 100% by 31 March 2017. This will help save lives in the unfortunate case of a fire in a block.
- To support tenants to remain in their homes each year through major adaptations. In the last year we have supported 320 tenants in this way.

Resources for investment

2.5. The level of resources for 2017/18 has been assumed at £26.77m. This is based on an equal investment figure to that within the 2016/17 budget. The council's 2017/18 budgets, including the HRA, will be formally approved at the Council meeting on Monday 27 February 2017.

- 2.6.** A number of works originally envisaged to be carried out in 2016/17 are now due to be delivered in 2017/18 and therefore £2.185m has been carried over from 2016/17 to 2017/18. These are:
- Works to lifts – procurement timescales have affected original estimated delivery timescales.
 - Special projects – a number of special projects have required significant investigative works and will also require leaseholder consultation before delivery starts. This has affected original estimated delivery timescales.
- 2.7.** In addition, a further £400k has been allocated from HRA reserves to cover the costs of conversions and adaptations required to meet the housing needs of the borough.
- 2.8.** Furthermore, £360k has been carried over to 2017/18 for the planned window replacement to 151 Auckland Road. This has been delayed because of difficulties in achieving planning permission as the property is in a conservation area.
- 2.9.** Therefore, the total spend planned in 2017/18 is £28.956m
- 2.10.** The procurement of the General Building Works contract with Mulalley has saved £2m through efficiencies and a new pricing agreement. These savings are being reinvested back into the housing stock, enabling the council to deliver more improvements for residents than in previous years, but with the same level of investment.
- 2.11.** The council regularly benchmarks its performance with similar authorities and ALMOs through the HouseMark service. The results of this year's benchmarking exercise are not available at the time of producing this report, but will be presented to residents at the Your Rent, Your Say meeting on 26 January 2016. All TLP members are invited to this session.

3. Resident involvement

- 3.1.** Council officers met with Marilyn Smithies (Chair of the TLP) and Michael Hewlett (past chair of the TLP) on 7 November 2016 to explore the potential of re-establishing the stock investment group that used to take place a number of years ago, in response to resident requests for greater transparency over and input to the stock investment programme. It was agreed that a capital investment service improvement group would be established with the purpose of enabling resident to have more transparency of and input into the planning of the annual stock investment programme.
- 3.2.** An initial meeting was held on 29th November 2016 and 14 residents attended representing a range of estates and properties across the borough. The proposed 2017/18 stock investment programme was reviewed at the meeting by all present and a number of specific queries taken away by officers for response. Whilst next financial year's programme was largely complete when this meeting took place, due to the timing within

the year, the aim of the meeting was to provide transparency in relation to the factors which influence decision making in terms of investment, the breakdown of the proposed 2017/18 programme and the rationale behind this.

- 3.3. A terms of reference for the group as well as a formal expression of interest form was circulated by email after this meeting and the process of formal applications and interviews for residents to become part of the group is now underway. Once this is complete a full programme of meetings for the coming calendar year will be set up, enabling more joint working and consultation with residents in advance of setting future years' programmes.
- 3.4. It should be noted that the capital investment service improvement group will not be consulted on the amount allocated to the stock investment programme annually as this takes place through the Your Rent, Your Say group, which has the wider remit of resident consultation in relation to HRA spend overall.

4. The programme in detail

- 4.1. Appendix 1 sets out the proposed programme for 2017/18. The overall level of investment will ensure that we meet current outstanding need and regulatory requirements as well as enabling progress towards longer-term goals.
- 4.2. The main elements of the programme are as follows:
 - Kitchens and bathrooms (£2.200m): this investment enables us to modernise facilities where these no longer meet the decent home standard (e.g. the kitchen is older than 20 years and bathroom older than 30 years). These properties have been identified through home surveys. In the case of some older properties, we can only achieve the modern standard by extending the property and an additional budget of £200k has been allocated for this work.
 - Energy efficiency programmes (£4.025m); this includes a range of works, principally boiler and central heating upgrades (including communal systems). Our current target is to replace boilers which are 15 or more years old. We have been reducing the backlog of boiler replacements each year since 2013; at current levels of investment, all boilers will be less than 15 years old by 2021/22.
 - Health and safety (£0.775m): this covers a range of measures which will ensure we meet our regulatory obligations including removing asbestos, replacing fire alarm systems and improving the safety of communal parts in the event of fire.
 - Roofs (£0.450m): taking advantage of the improved repairs contract and the information now collected as a result, a small programme of roofs has been identified as beyond repair and requiring replacement, with a further contingency for any additional properties arising during the year.

- Windows (£1.850m): the savings made from the recent procurement allowing the same amount of replacements as previous years at a lower overall cost. The recent focus has been on replacing all single-glazed windows with double glazing and we have now met that target. The current focus is on replacing all aluminium windows with uPVC ones. By 2020/21, all windows will be less than 30 years old.
- Rewiring (£1.500m): renewing systems to make them more appropriate for modern day lifestyles.
- Security measures (£0.310m): residents have told us in previous years (for example through the previous stock investment working group) that the security of residents' homes and surrounding areas is a priority. By the end of 2017/18 all suitable blocks will have a door entry system installed, unless refused by the residents. A budget of £60k for 2017/18 has been allocated for the installation of door entry systems to the few remaining suitable blocks. £250k has been allocated for the installation of individual security doors to houses and flats that do not have a communal entrance. Secure doors are also installed to flats as part of fire safety works.
- Major adaptations (£1.000m): demand for adaptations arises during the year and is identified by the occupational therapy service. The level of funding allocated is based on historical levels of demand
- Special projects (£5.200m): Several blocks and estates have been identified as requiring major works over the coming years. Benefitting from the savings made through a number of contracts (e.g. windows), a significantly higher amount of investment is proposed in special projects than in previous years. These include:
 - 98-176 Chertsey Crescent: over cladding, roof replacement and window renewal.
 - Chertsey Crescent: remedy porous brickwork and window replacement.
 - Longheath Gardens: concrete, roof, and sewerage repairs across the estate.
 - Dartmouth House: over cladding, roof replacement and window renewal.
- Conversions and extensions (£0.400m): each year, we undertake a number of such measures, often to properties requiring structural works, to create large family homes or to convert single to multiple homes, in both cases to help us meet the local housing need of residents. This is funded from HRA reserves.
- Support costs (£1.800m): The total cost of the staff and overheads required to manage, monitor and ensure works are done to the standards expected by residents and to work with the contractors to improve delivery and find efficiencies is £1.8m. This was reduced from £2m in 15/16 and represents 6.7% of the total investment programme budget.

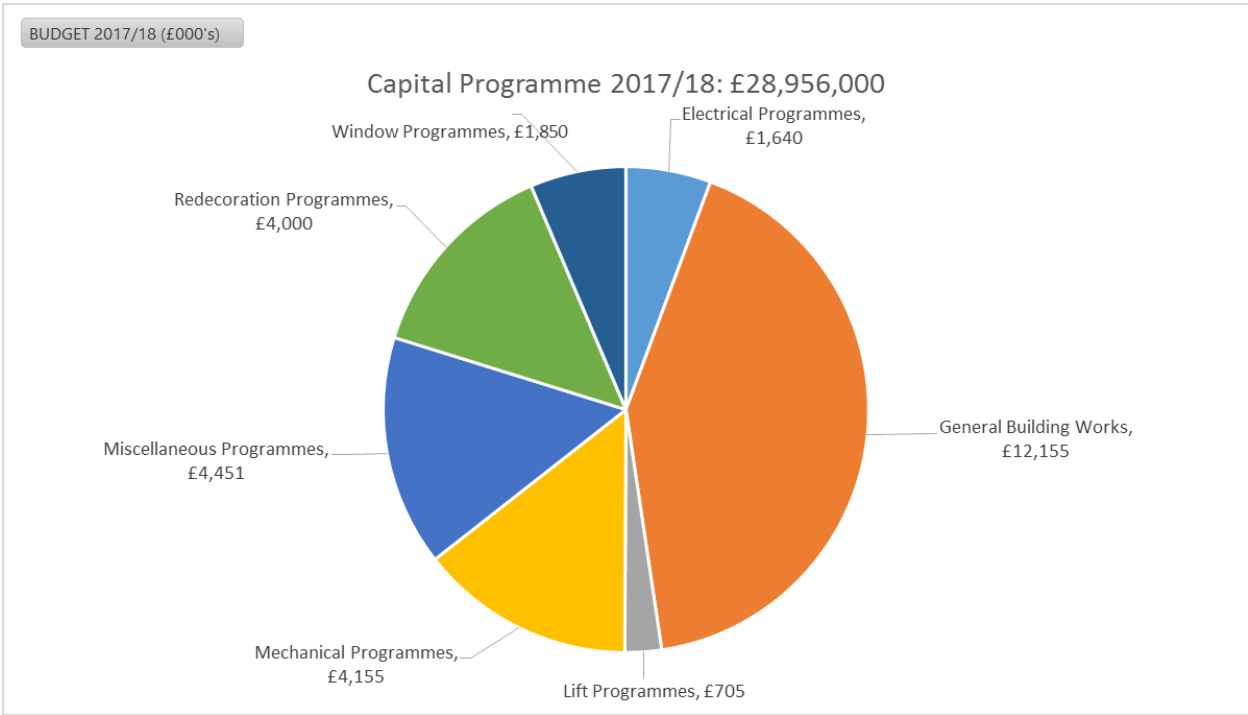
4.3. A more detailed breakdown of the programme can be found in Appendix 1 and 2.

Appendix 1 – the 2017/18 stock investment programme

Contract and Work Type	BUDGET 2017/18 (£000's)
Electrical Programmes	£1,640
Ad Hoc Works - Emergency Lighting	£25
Alarms - Warden Alarm Replacement	£40
Door Entry System - PAC Testing	£15
Door Entry System - Replacement	£60
Electrics - Rewiring	£1,500
General Building Works	£12,155
Ad Hoc Works - Fire Damage Works	£30
Ad Hoc Works - Health & Safety Works	£100
Ad Hoc Works - Major Works (inc Voids)	£100
Ad Hoc Works - Minor Estate Improvements	£75
Ad Hoc Works - Retirement Homes Works	£200
Asbestos Removal & Inspection	£300
Bin Stores	£150
Communal Flooring	£100
Conversions and Extensions - Provisional	£400
Garages - Demolition	£50
GBW - Prelims/Overheads	£1,200
Kitchen & Bathrooms - Extensions	£200
Kitchen & Bathrooms - Replacement	£2,000
Major Adaptations - GBW	£700
Regulatory Reform Order (Fire Safety)	£100
Resurfacing Works	£200
Roofs	£450
Security Door Installation	£250
Special Projects	£5,200
Subsidence	£350
Lift Programmes	£705
Lift - Motor Room Improvement	£30
Lift - Refurbishment	£675
Mechanical Programmes	£4,155
Alarms - Fire Alarm Replacement	£120
Carbon Monoxide Detectors	£10
Communal Boiler Replacement	£150
Energy Efficiency Measures	£25
Energy Performance Certificates	£50
Gas Central Heating - Programmed Replacements	£3,500
Gas Central Heating - Repairs Replacement	£300
Miscellaneous Programmes	£4,451
AD HOC RETIREMENT HOMES WORKS (NON GBW)	£5
Ad Hoc Works - 151 Auckland Road	£360
Ad Hoc Works - Minor Adaptations - New Tenants	£10

Apex Development	£55
Capitalised Responsive Repairs Works	£1,602
Cyclical - Inspection & Maintenance of Playgrounds & Equipment	£19
Energiesprong	£150
Major Adaptations - Misc	£300
Option Appraisals & Feasibility Studies	£30
Pest Control	£120
Support costs (client staffing)	£1,800
Redecoration Programmes	£4,000
External Decorations	£3,750
Supported Decorations Scheme	£250
Window Programmes	£1,850
Windows Replacement	£1,850
Grand Total	£28,956

Appendix 2



Appendix 3 – Performance Data

Chart 1: Percentage of properties meeting the decent home standard over time

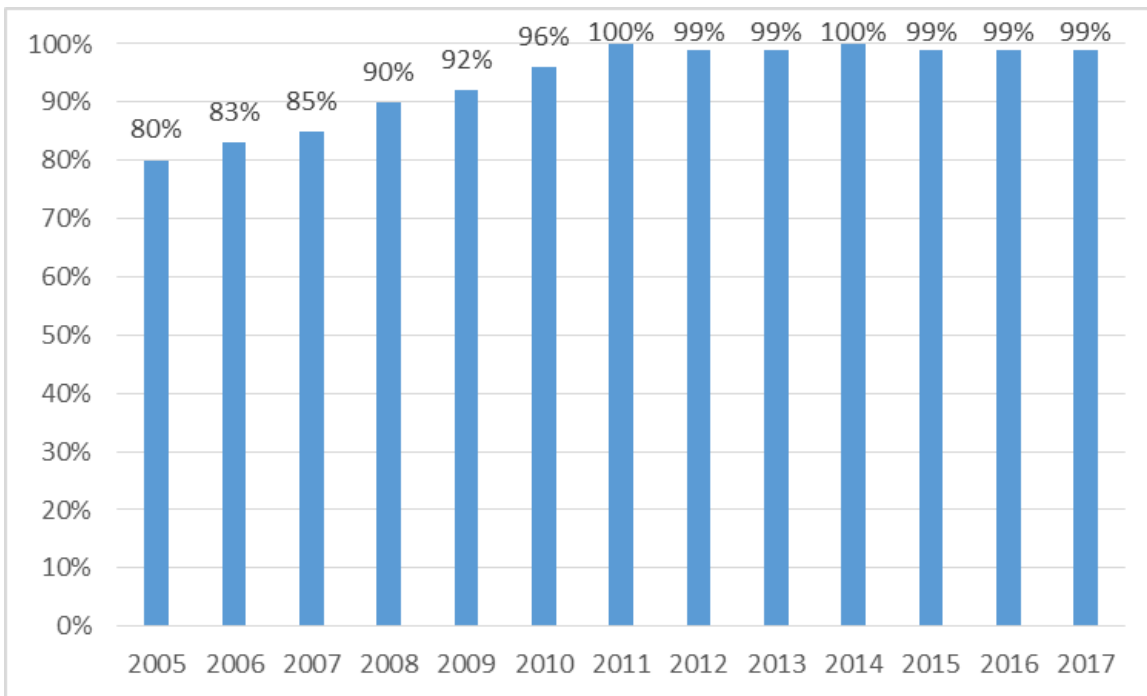
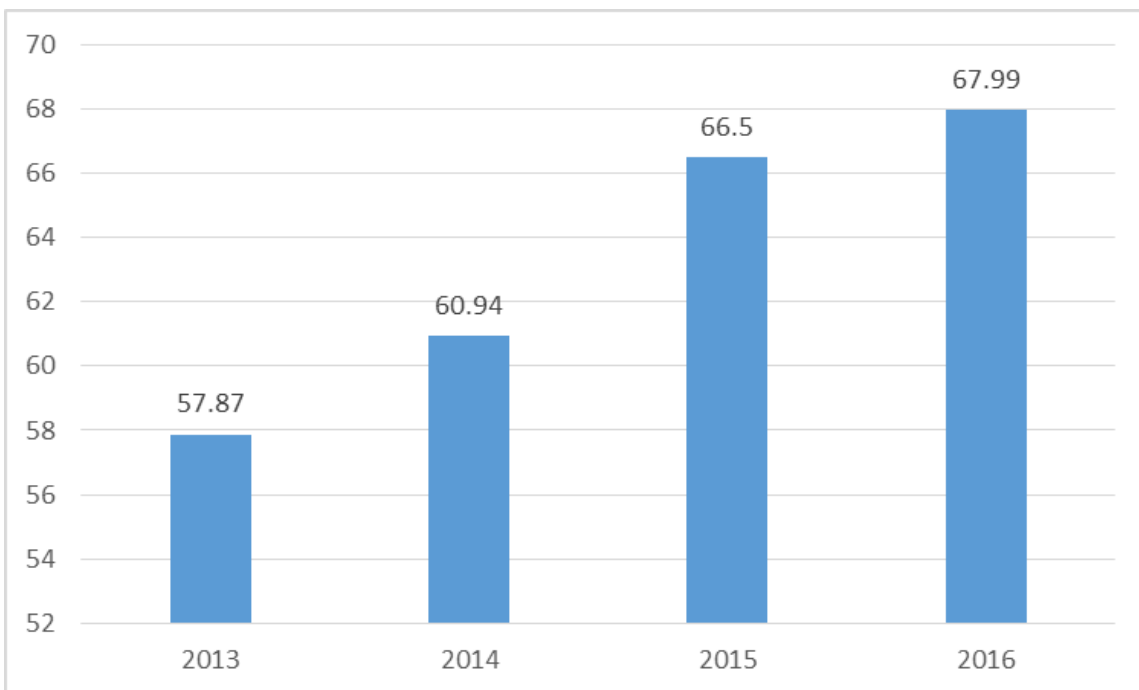


Chart 2: Energy rating of the housing stock



Energy efficiency

Energy performance is measured against the data standard assessment procedure (SAP). The ongoing programme includes a range of measures which improve energy efficiency – replacing older boilers with more efficient ones, topping up loft insulation, cavity wall and solid wall insulation, replacing storage heaters with gas systems, double-glazing and new doors with a better thermal performance etc. The 2015 figure compares well with the national social housing average of 62.9.