


Report for:	Cabinet on 20th March 2012.	Item number	9
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Title:	Housing Capital Programme: Further priorities for the 2012-13 Programme (Year 5)
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Report authorised by :	<p>Mun Thong Phung, Director of Adult and Housing Services</p>  <p>Signed: pp Date: 8 March 2012</p>
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Lead Officer:	<p>Phil Harris, Deputy Director for Community Housing Services Tel: 0208 489 4338 E-mail: phil.harris@haringey.gov.uk</p> <p>Keith Carter, Executive Director for Property Services Homes for Haringey Tel: 0208 489 1269 E-mail: keith.carter@homesforharingey.org</p>
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Ward(s) affected:	All	Report for:	Key Decision
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1. Issue under consideration

- 1.1. On 4th October 2011, Cabinet considered and approved the initial details of the investment priorities and procurement arrangements for 2012-13 Decent Homes programme as well as the 'reserved list' of schemes. This was due to the uncertainty of future funds, which has meant that programmes are prepared on a year-by-year basis.
- 1.2 The purpose of this report is to provide Members with details of the further investment priorities and procurement arrangements that are proposed for the 2012-13 Decent Homes programme, together with details of a number



of other investment priorities that are recommended for inclusion in the programme with available funding.

- 1.3 The report seeks Cabinet approval of the proposed investment priorities and procurement arrangements for 2012-13, together with an updated 'reserve list' of homes that can be added to the programme when funds allow.
- 1.4 It also seeks Cabinet approval to enter into contract and agree match funding to secure CESP funding for energy saving works to the Council's housing stock.

2. Cabinet Member Introduction

- 2.1 I welcome the additional investment that we have been able to make this year towards the 2015 decent homes target of 87%.
- 2.2 I am aware of the complexity of the CESP funding procedures and note the continued persistence on this issue.
- 2.3 I am also aware of the substantial savings that Homes for Haringey have made in the contract prices we pay, given the reduced activity in the construction industry across the country.
- 2.4 I reaffirm the Council's commitment to sustainable procurement and the use of life cycle cost analysis to determine the investment decisions that are made. I note that this substantial package of works for 2012 /13 has been assembled against a background of constant change and a problematic financial climate.
- 2.5 I am sure our residents will greatly appreciate the improvements that this investment package will bring about and I commend this report.

3. Recommendations

3.1 It is recommended that Cabinet:

- (a) Agrees the proposed additional priorities for 2012-13 (Year 5 of the Decent Homes programme) as detailed in Appendix 1 of this report;
- (b) Agrees that delegated authority is given to the Director of Adult and Housing Services, in consultation with the Lead Member for Housing to let contracts for these works through the Decent Homes framework once Agreed Maximum Prices (AMPs) are finalised;



- (c) Notes and agrees the 'reserve list' of homes, detailed in Appendix 2 of this report, and agrees that these homes should be added to the Decent Homes programme when funds allow;
- (d) Agrees to use £1m of the additional £8.322m capital budget for 2012-13 as potential match funding for **Community Energy Saving Programme (CESP)** works.
- (e) Agrees that delegated authority is given to the Director of Adult and Housing Services, in consultation with the Lead Member for Housing to enter into contract with Carillion Energy Services as a direct call off from the London Housing Consortium framework to deliver CESP funded energy saving measures to Haringey Council's housing stock; and
- (f) Also agrees that delegated authority is given to the Director of Adult and Housing Services, in consultation with the Lead Member for Housing to commit match funding of up to £1m to support CESP investment in Haringey Council's housing stock.

4. Other options considered

4.1 N/A

5. Background information

- 5.1 On 4th October 2011, Cabinet agreed the priorities for the 2012-13 Decent Homes programme and a "reserve list" of homes to be added to the programme when funds allow. This programme was based on an assumed Decent Homes budget of £17m for 2012-13.
- 5.2 On 20th December 2011 Cabinet approved (subject to the approval of Full Council) a Decent Homes budget of £25.322m – an increase of £8.322m. This report details the works proposed to be funded from this additional £8.322m.
- 5.3 This report details proposals for the investment priorities for this additional funding including:
 - The inclusion of properties from the Decent Homes "Reserve List" agreed by Cabinet on 4th October 2011
 - The inclusion of further properties in the Decent Homes programme
 - Energy saving works that may attract additional CESP funding
- 5.4 In the scheme of things first priority should be given to properties on the "reserve list" agreed by Cabinet on 4th October 2011. The exception to this is the second phase of Ferry Lane Estate – approximately half of the estate is



already included in the 2012-13 programme and the work to the estate is phased over more than one financial year.

- 5.5 An additional list of homes has been drawn up, based on information collected in the stock condition survey and informed by an analysis of the repair histories and discussion with Homes for Haringey's repairs contractor - The Housing Repairs Service. (HRS)
- 5.6 The properties detailed in Appendix 1 of this report are added to the 2012-13 Decent Homes Programme for Cabinet to consider.
- 5.7 The intention is for these works to be procured through the existing Decent Homes framework following the recent procurement of the rest of the 2012-13 Decent Homes programme.
- 5.8 These works are awarded under the PPC2000 contract using the existing Decent Homes framework. Officers are currently in the process of finalising the AMPs which will ensure the contracts for these works are let. As highlighted in 3 (b) it is recommended that the award of these contracts be delegated to the Director of Adult and Housing Services in consultation with the Lead Member for Housing to approve this process when ready.
- 5.9 The detailed breakdown of addresses to be included in the reserve listing for Decent Homes programme Year 5 (2012/123) when funding becomes available, is attached as Appendix 2 for Members to consider.
- 5.10 Members will note that some homes in the proposed programme are in the "North Tottenham "Area for Change" and plans for the improvement of the area are being considered. However, there are no immediate plans that might affect the investment decisions detailed in this report. It is proposed that the scope of works in the Decent Homes programme are essential to make sure that these homes are safe and weather tight.

Community Energy Saving Programme (CESP)

- 5.11 The Community Energy Saving Programme (CESP) was created as part of the government's Home Energy Saving Programme. It requires energy suppliers and electricity generators to deliver energy saving measures to domestic consumers in specific low income areas of the UK. These low income areas are called "super output areas" and 65 of Haringey's 144 areas are eligible for CESP funding.
- 5.12 Social Housing providers in London have found it very difficult to access CESP funding – mainly because of the diverse nature of the housing stock in London, the complexity of the criteria for attracting CESP funding and the requirement for landlords to provide a significant level of match-funding. The



CESP initiative comes to an end in December 2012 and energy providers appear to be more flexible in their approach to dispensing their CESP obligations.

- 5.13 Homes for Haringey have been working with a number of energy providers to try to attract CESP Funding. Currently an application in the sum of £271,969 has been submitted to Ofgem by Scottish and Southern Electric for insulation works that will complement the decent homes work currently underway on Broadwater Farm, Stonebridge Road, Winkfield Road, John Keats House and Thomas Hardy House. The outcome of this application is imminent.
- 5.14 However, recent discussions with Carillion Energy Services have identified an opportunity that could realise a far greater level of investment with limited match funding required from Haringey. A potential initial phase of a CESP scheme has been identified that would attract up to £6.9m of investment including:
- Boiler renewal (including heating controls)
 - Loft Insulation
 - Cavity Wall insulation
 - Solid wall insulation
- These works are compatible with the works currently being delivered through the “elemental” Decent Homes programme and would assist in bringing all homes up to the Decent Homes Standard.
- 5.15 At present, Carillion Energy Services are working to try to reduce the contribution that Haringey will have to make. This funding is currently indicative, based on our Stock Condition Survey data. Detailed surveys will be required to confirm the scope of works that can be delivered.
- 5.16 CESP schemes currently need to be completed by December 2012. There is therefore a very small window available to firm up the scheme proposals, agree the contract and complete the works on site.
- 5.17 Haringey Council is a member of the London Housing Consortium (LHC) public sector procurement framework. Carillion Energy Services are appointed companies on both the “Whole House” and “Building Insulation” workstreams of that framework. It is therefore proposed to procure these works by direct call-off of Carillion Energy Services from the LHC Framework.
- 5.18 The CESP initiative will support the improvement of energy efficiency in the Council housing stock and therefore using £1m of the additional £8.322m capital budget for 2012-13 as potential match funding for CESP works and for elements of work that will not attract CESP funding is a good investment. The CESP funded works are consistent with the priorities of the Decent Homes programme and the Council’s Sustainability Strategy.

- 5.19 It is intended to spend the full £1m budget but if there is any surplus in this budget, the alternative plan is to fund additional Decent Homes works from the aforementioned “reserve list” detailed as Appendix 2 of this report.
- 5.20 As highlighted in 3.1(e) consideration of entering into contract with Carillion Energy Services (and/or others) to deliver CESP funded energy saving measures to Haringey Council’s housing stock should be dealt with by Director of Adult + Housing Services in consultation with the Lead Member for Housing.
- 5.21 To commit match funding of up to £1m to support CESP investment in Haringey Council’s housing stock, recommendation 3.1 (f) above is further made.

Summary - Proposals for the Decent Homes Programme 2012-13 (Year 5)

- 5.22 Proposals for homes to be included in the Year 5 programme have been prepared on the basis of the following priorities:
- Continuation of decent homes work on estates in order to complete works that are already underway;
 - Worst roofs’ (based on repairs history) and roof and window priorities In homes identified by the Haringey Repairs Service (HRS);
 - Community Good Neighbour Schemes;
 - Stock condition survey data has also been analysed to determine the ‘priorities based on investment need’; and
 - Other homes in the immediate vicinity area of the above
- 5.23 As some of the dwellings are within CESP eligible areas, there may be an opportunity to attract additional funding for CESP eligible works. It should be noted, however, that CESP is due to end in December 2012.
- 5.24 Based on the above criteria, Appendix 1 of this report details the properties that it is proposed are included in the 2012-13 Decent Homes programme.

Procurement

- 5.25 Cabinet agreed on the 4th October 2011 that the Year 5 programme be procured through a mini-tender between the 4 Decent Homes constructor

partners. This final call off from the Decent Homes framework has been instructed and the 2 successful constructor partners are currently engaged in pre commencement activity to determine the final AMP values.

- 5.26 As highlighted in paragraph 3.1 (b) authorisation of these contracts on completion of the procurement process should be delegated to the Director of Adult and Housing Services in consultation with the Cabinet Member for Housing.
- 5.27 Delegated authority is being requested as highlighted in 3.1(c) for the inclusion of any of the homes on the 'reserve list' (Appendix 2) in the Decent Homes programme when funding is made available, which will allow seamless programme continuity and limit additional contractual preliminaries, thus achieving contractual 'best value'.
- 5.28 Appendix 2 of this report details the homes that will be included in the Decent Homes programme when funding is confirmed.

6. Comments of the Chief Financial Officer and Financial Implications

- 6.1 On 7th February, Cabinet approved a Housing capital programme of £43.98m, of which £25.322m was expenditure on the Decent Homes Programme. This is funded from £17.0m of Decent Homes grant and £8.322m contribution from the Housing Revenue Account. This was approved by full council on 28th February 2012.
- 6.2 The additional works proposed can be financed within this revised capital programme.

7. Head of Legal Services and Legal Implications

- 7.1 The report seeks Cabinet approval to agree the proposed additional priorities for 2012-12 as detailed in Appendix 1 of the report and to delegate authority to the Director of Adult and Housing Services, in consultation with the Lead Member for Housing to let contracts for these works once the AMPs are finalised.
- 7.2 Cabinet has the power under section 15 of the Local Government Act 2000 to delegate authority to approve contracts to officers.
- 7.3 The report also seeks Members approval to delegate authority to the Director of Adult and Housing Services, in consultation with the Lead Member for housing to enter into a contract with the Contractor named in paragraph 5.17 as a direct call-off from the London Housing Consortium framework ("LHC framework").
- 7.4 The Council is a constituent member of the London Housing Consortium and is therefore able to enter into contracts under the LHC framework.

- 7.5 Homes for Haringey have confirmed that the award of contracts under direct call-offs are permissible under the LHC framework. As stated in paragraph 7.2 Cabinet has the power to delegate authority to approve contracts to officers.
- 7.6 This is a key decision and the Directorate has confirmed it has been included in the Forward Plan.
- 7.7 It is stated in paragraph 8.6 of the report that leaseholders will be consulted and recharged in accordance with the terms of their leases. In order to be able to recharge leaseholders the consultation will need to comply with statutory consultation procedures.
- 7.8 The Head of Legal Services sees no legal reasons preventing Cabinet from approving the recommendations set out in the report.

8. Equalities and Community Cohesion Comments

- 8.1 Homes for Haringey's Asset Management Strategy, 2007/2017, covers all investment in the Council's housing stock, including Decent Homes. In drawing up the Strategy, an Equalities Impact Assessment was undertaken. The findings have been incorporated into Homes for Haringey's planning processes for delivering decent homes. This includes ensuring that all residents receive the same standard of work, and consideration of specific language and other needs are identified and addressed when drawing up programmes of work.
- 8.2 A high proportion of households living in temporary accommodation are vulnerable and from Black and Minority Ethnic (BME) communities

Consultation

Resident consultation

- 8.3 The resident Asset Management Panel and Homes for Haringey Resident Board members met on 24 August 2011 and considered the proposed approach to the prioritisation of the 2012-13 Decent Homes programme. The proposals detailed in this report are consistent with that approach.
- 8.4 Further communication with residents will be shaped in discussion with the Resident Asset Management Panel and the Homes for Haringey Board's Capital Programme Panel. Residents will be informed when their homes are included in the Decent Homes programme.
- 8.5 Detailed resident consultation will be carried out with residents of homes included in the programme, to agree the scope and details of the proposed works.

- 8.6 Leaseholders will be consulted and recharged in accordance with the terms of their lease(s).

9. Head of Procurement Comments

- 9.1 The report seeks to agree the proposed additional priorities for 2012/13 and that the work will be awarded by delegated authority by the Director of Adult and Housing Services in consultation with the lead Member through the Decent Homes Framework agreement once the Agreed Maximum Price is finalised with the contractors.

- 9.2 The CESP works part of the programme are intended to be awarded by direct call off as allowed under the LHC framework for Building Insulation. This has been confirmed by Homes for Haringey following consultation with LHC.

The award for the CESP works contract is proposed to be made by delegated authority to the Director of Adult and Housing Services in consultation with the lead Member.

- 9.3 The Head of Procurement supports the award of the additional priorities works and the CESP works through existing framework arrangements.

10. Policy Implications

- 10.1 Changes in funding will have a significant impact on our ability to deliver our Housing Strategy 2009-19, including key priorities:

- To meet housing need through mixed communities
- To ensure housing in the borough is well managed, of high quality and sustainable
- To provide people with the support and advice they need

11. Use of Appendices

Appendix 1 – Further Proposed Priorities for 2012-13 (Year 5)

Appendix 2 – ‘Reserve list’ of Decent Homes Priorities

12. Local Government (Access to Information) Act 1985

- 12.1 The background papers relating to the subject of this report are:
- 'The Award of Framework Agreements to four Decent Homes Constructors Partners'.
 - Pre Qualification Questionnaires (PQQ) Responses from Constructors dated September 2006.
 - Short List Report dated October 2006
 - Invitation to Tender Document dated October 2006
 - Tender Reports dated February 2007
 - Cabinet Report October 2011 – Agreement of 2012-13 Decent Homes Programme
- 12.2 These can be obtained from Larry Ainsworth or Pauline Hinds (Senior Project Managers, Homes for Haringey) on 020 8489 1134.