

1.1 Report Title: Decent Homes programme mid-year review.

Report authorised by Niall Bolger Director of Urban Environment

*N Bolger* 14/10/09

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Wards(s) affected: All

Report for: Information

### 1. Purpose of the report

1.1 This report provides a mid-year review of Year 2 of the Decent Homes programme, setting out performance to date against key performance indicators, lessons learned from year 1 and how these have been incorporated into the programme, as well as key issues for years 3-5.

### 2. Introduction by Cabinet Member

2.1 I am pleased to present this report to Scrutiny and I welcome your comments and observations concerning the 2nd year of the decent homes programme. We have learnt from the 1<sup>st</sup> year of this programme and from this improvements have been and will continue to be introduced into the 2<sup>nd</sup> year programme.

### 3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 Homes for Haringey supports the Council's Housing Strategy and is committed to providing an excellent housing service while effectively delivering the Decent Homes programme for the residents of Haringey. As its strategic delivery partner, Homes for Haringey is committed to ensuring that the Decent Homes programme meets the aspirations of residents and Members.

3.2 Homes for Haringey have in place an Asset Management Strategy and Environmental Sustainability Strategy which provide a strategic framework for delivery of the Decent Homes and associated Environmental Improvements programme. The objectives of these strategies are closely linked to the Council's Greenest Borough Strategy, the Sustainable Procurement Strategy, Regeneration Strategy and Asset Management Plan.

3.3 The Decent Homes and Environmental programmes will contribute to the achievement of Council Priorities 1,2,3, and 5 by:

- Improving the environmental performance of Council Housing stock
- Providing a cleaner and greener environment for residents

- Providing decent homes and improving well-being
- Delivering cost effective services through partnering

#### **4. Recommendations**

4.1 That Overview and Scrutiny notes progress to date with Year 2 of the Decent Homes programme.

#### **5. Summary**

5.1 The Year 2 Decent Homes programme is progressing well and on target to reduce the overall level of non-decency to 30% of the Council's Housing stock **by 31<sup>ST</sup> March 2010**, in line with CLG agreed targets. Expenditure to date is also on profile and resident's satisfaction is running at 97%. Good progress is being made in delivering wider community benefits, e.g., by facilitating employment and training initiatives for local people, and securing additional funding for energy efficiency measures.

#### **5. Chief Financial Officer Comments.**

6.1 At the midpoint of Year 2 spend on the Decent Homes Programme is in line with the profiled budget.

6.2 Following a review of Year 1 of the programme areas for further efficiencies around procurement have been identified as outlined in sections 17.2 and 17.3 of this report. These efficiencies should enable the Decent Homes Programme to be delivered in full within the available budget.

6.3 Robust monitoring is required to ensure that these savings are realised.

#### **7. Head of Legal Services Comments.**

7.1 Not applicable

#### **8. Head of Procurement Comments.**

8.1 Not applicable.

#### **9. Equalities and Community Cohesion Comments**

9.1 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.

#### **10. Consultation.**

10.1 Not applicable

## 11. Service Financial Comments.

11.1 The approved budget for the Decent Homes Programme in 2009/10 is £40.466 million. The funding sources are made up of the Decent Homes allocation provided by the government for the year and the council's other capital resources allocated to the programme. These are set out below.

| Source of Funding                                | £000s         |
|--|---------------|
| Decent Homes Funding Allocation 2009/10          | 31,500        |
| Major Repairs Allowance 2009/10                  | 826           |
| Leaseholder Contributions                        | 3,000         |
| Carry-Forward of Major Repairs Allowance 2008/09 | 5,140         |
| <b>Planned Funding 2009/10</b>                   | <b>40,466</b> |

11.2 Spend on the programme was £13.185 million at the end of August 2009 which is in line with budgeted expectations at this date. Projects are on course for a full spend of the budget in 2009/10.

11.3 Procedures to manage cost and achieve value for money have been implemented and are set out in paragraph 17.

## 12. Use of appendices /Tables and photographs

12.1 None

## 13. Local Government (Access to Information) Act 1985.

## 14. Background

14.1 The requirement for all local authority homes to meet the Decent Homes Standard was set out by The Office of the Deputy Prime Minister (ODPM) now known as Department for Communities and Local Government (DCLG) in February 2003.

14.2 The Decent Homes programme is a long term programme of major investment to bring all tenanted homes up to a decent standard. Environmental improvements, including sustainability issues, may represent up to 5% of the overall programme.

14.3 In February 2007, following a robust and extensive partner selection process, administered by Homes for Haringey, four constructor partners were appointed in accordance with the Council's procurement procedures.

- 14.4 In January 2008, the Department of Communities and Local Government (DCLG) confirmed the Council's overall indicative decent homes funding allocation in the sum of £198.579m. This includes £11.4m earmarked for environmental projects.
- 14.5 Works undertaken as part of the programme include: the installation of double glazed windows, front entrance doors, roof works, renewal of fascias, soffits and rainwater goods, rewiring and heating; kitchen and bathroom refurbishment.
- 14.6 Approximately 11,500 tenanted homes will benefit from the overall programme. The definitive number will be dependent on the outcome of detailed surveys, access and refusals, and resident aspirations.
- 14.7 Year 1 of the programme was a great success with 1,555 tenanted homes brought up to the Decent Homes standard; works carried out to 367 leasehold units; and the overall level of non decency reduced to 36% from 42%, in line with the CLG agreed target, by March 2009.
- 14.8 The proposed programme for Years 2-5, was approved by Cabinet in February 2009.
- 14.9 This report provides a mid-year analysis of Year 2 delivery.

## **15 Summary of Year 2 Progress**

- 15.1 The Year 2 programme commenced on site in April 2009 and we anticipate completing works to approximately 2,632 tenanted and 601 leasehold units, with a budget of £40.466m.
- 15.2 Progress in Yr 2 can be measured against the following Key Performance Indicators and the end of August 2009 position is detailed below:
- 697 tenanted homes have been brought up to the Decent Homes standard, which brings the overall total to 3,320.
  - Actual expenditure at the end of August 2009 is £13,185m against a profile of £13,226m or 99%.
  - Resident satisfaction is averaged at 97% across the 4 contract areas. This is one of the Key Performance Indicators against which our partners are measured on a monthly basis. The scoring is based on a response to 10 questions with 5 answer options ranging from very dissatisfied to very satisfied. The return rate is 54%.
  - The number of stage 1 complaints received during Year 2 to date is 30, 3 of which went to stage 2, and none to stage 3. Following investigation through the HfH complaints procedure, the majority of these complaints have not been upheld and are often not about the actual works being undertaken as part of

the Decent Homes programme. In many instances residents were complaining about repairs issues, enquiring why they were not receiving certain elements or when they are to be included in the programme.

- The number of enquiries has significantly reduced since residents have been able to access details of the 5 Year programme via our website.
- To date there has been one health and safety reportable incident. The contractors are responsible for the health and safety of their work force, and not the Council, and operate under the relevant regulatory requirements.

## **16. Learning and Development**

- 16.1 With good progress being made on the delivery of the programme, including high levels of resident satisfaction, we have taken the opportunity to reflect on lessons learnt to date, and what improvements can be made for future years.
- 16.2 In June 2009, local members, Homes for Haringey, council staff and senior representatives of the contractor teams came together to reflect on delivery of the first year of the Decent Homes programme. The Year End Review event was well attended with a good cross-section of stakeholder representation. The event was opened by the Leader, followed by presentations from each of the decent homes partner delivery teams. From this resident priorities were identified and workshops held on Communications, Quality of Works and Added Value and Local Labour. Homes for Haringey have considered the lessons learnt, what changes need to be made, and what new or further measures can be taken to assure resident satisfaction. This includes continuing to maximise and publicise opportunities for added value such as employment and training initiatives as well as community development and engagement; looking at new ways of encouraging more active resident involvement, and better sharing of good ideas between partners.
- 16.3 The new Asset Management Directorate is now fully established with dedicated resources for resident liaison and information management to support the delivery teams. This not only helps ensure smooth delivery of the programme, but also that resident's specific needs and preferences are fully considered.
- 16.4 The partnering arrangements are also well established and working well. A partnering workshop held on 14<sup>th</sup> July 2009 was successful in so far as it focused the project team on the key challenges facing the project in the coming years and started the process of meeting these challenges.
- 16.5 To this end Homes for Haringey organised a construction related jobs fair in April 2009. This was a great success with over 400 people attending. The twin objectives of the day were to highlight employment and training opportunities for local people within the construction industry as well as support in accessing the above.

- 16.6 The constructor partners are actively seeking to employ local contractors and labour in each of their respective areas. Each of the contractors has agreed to take on 4/ 5 local apprentices with the initial intake starting college courses in August 2009. The partners have also agreed to take on work experience placements. This has proved invaluable experience for one local person attending the jobs fair who as a result, was successful in being signed up as an apprentice in the Repairs Directorate.

## **17 Cost Management and Value for Money**

- 17.1 The requirements of the Constructor Partners Strategic Brief and the Compliance Team Programme Brief required that under the PPC2000 Form of Contract and Framework Contract obligations Value Engineering, Benchmarking, Supply Chain Management and Open Book Accounting be implemented post Year 1 works across the four delivery team areas within the Decent Homes programme.
- 17.2 Through Strategic Cost Management, Homes for Haringey have established benchmarked Basket Rates for all the major elements of work including kitchens and bathrooms which will be agreed and implemented by the compliance teams and continually reviewed by the partnering teams to ensure Value for Money is provided to the Decent Homes programme.
- 17.3 Cost saving achieved under the Strategic Cost Management exercise ensures that additional Decent Homes work can be undertaken within the Partnering timetables and programmes which will satisfy resident expectations and provide a decency standard to a greater level of stock across the borough.
- 17.4 Initial benchmarking exercises carried out by HfH indicate that cost comparisons to other London ALMO's, particularly for kitchen and bathroom installations, indicate that Value for Money is being obtained and that HfH is one of the lowest costs ALMO's for Decent Homes works.
- 17.5 Supply Chain Management ensures commonality of products and services and allows cost certainty, shared risk, improved cash flow, reduced disputes and lower level of technical input required from the partnering teams.

## **18 Performance and Monitoring**

- 18.1 Contractor performance on Year 2 to date has been good. Performance is measured against a series of key performance indicators(KPIs). These were developed in conjunction with the partnering team; including residents, and are based on industry standard KPIs. They include resident and client satisfaction, complaints, local employment, completions against programme and cost against profile.
- 18.2 All KPIs are reported on monthly, and form an integral part of the monthly performance report. This report is prepared by the compliance team partners and forms the basis of a review meeting with the strategic client representatives before overview at the strategic core group meetings.

- 18.3 Quality Assurance is included as a KPI and is overseen by the compliance teams. Clerk of Works are engaged while projects are on site. On completion, they undertake quality inspections of both materials and workmanship and identify any defects which need to be addressed as part of the hand over process. All completed properties are subject to these checks and the findings reported on a monthly basis. Homes for Haringey officers also carry out spot checks during the works and attend a sample of the hand over inspections.
- 18.4 Homes for Haringey have a robust Risk Management Strategy in place for delivery of the decent homes. A risk register is in place for each of the four contract areas and is reviewed as part of the monthly monitoring and reporting procedure.

## **19 Supported Housing**

- 19.1 The supported housing stock was not included in Year 1, pending the outcome of the Council's review into meeting future housing needs of older people in the borough. A report outlining possible options for 4 of the supported housing schemes is yet to be considered by the Council. In the meantime, HfH have now programmed works to the remaining schemes. The works will be carried out in 3 phase with externals starting on site in March 2010 and internal/environmental works to follow in future phases. The consultation process has begun with residents.

## **20 Environmental Programme**

- 20.1 In addition to the £11.4m available for environmental projects as part of the decent homes allocation.
- 20.2 The 2009/10 programme is progressing well with a budget of £1.5m. Homes for Haringey are currently surveying all 90 estates across the borough and the findings will be used to determine the works programme for future years.

## **21 Sustainability**

- 20.1 Homes for Haringey are currently exploring opportunities for accessing funds for energy efficiency measures which will complement the Decent Homes programme. These include the Community Energy Saving Programme (CESP), the Social Housing Energy Saving Programme (SHESP) and 'Retrofit for the Future'.
- 20.2 We have received confirmation from the Homes and Communities Agency that the bid we submitted for £1.415m of SHESP funding to insulate 1,886 hard to treat cavity walls has been successful. This covers high rise blocks of 5 story plus. We are currently finalising arrangements for delivery with existing decent homes partners, with works to commence on site by the end of the year.