



## Overview and Scrutiny

On 6th December 2010

1.1	Report Title:	Decent Homes Programme update.	
	Report authorised by:	Niall Bolger, <b>Director of Urban Environment</b>	
	Signed:		
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	Wards(s) affected:	<b>All</b>	Report for: <b>Information</b>
	<b>1. Purpose of the report</b>		
	1.1 This report provides a mid-year review of Year 3 of the Decent Homes Programme, setting out performance to date against key performance indicators, as well as key issues for years 4 -5.		
	<b>2. Introduction by Cabinet Member.</b>		
	2.1 .I am pleased to present this report to scrutiny and welcome your comments on the contents. The improvements made to tenants' homes during the first three years of Haringey's decent homes programme are substantial and I will, of course, be arguing most strongly that the borough should receive all of the funding that is needed to complete the programme during 2011/12 and 2012/13.		
	<b>3. State link(s) with Council Plan Priorities and actions and /or other Strategies:</b>		
	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 3 of the Decent Homes programme.

#### **5. Summary**

5.1 The Year 3 Decent Homes programme is progressing well and on target to reduce the overall level of non-decency to 20% of the Council's Housing stock **by 31<sup>ST</sup> March 2011**, 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.

5.2 The purpose of this report is to give an update on progress on the delivery of the Decent Homes Programme. The report gives:

- An overview of progress on the overall Decent Homes Programme
- A mid year summary of progress on the 2010/11 programme
- An update on progress on the procurement of surveys for Years 4 & 5 of the Decent Homes Programme
- Proposals for procurement arrangements for the Years 4, 5 & 6 programmes.

#### **6. Background**

6.1 In January 2009, Haringey Council was awarded funding of £198,500,000 for the Decent Homes Programme to tenanted properties. In addition some £19,000,000 will need to be spent on associated leasehold properties and then recovered from the leaseholders. This funding is broken down as follows:

- Decent Homes Work: £187,090,000
- Environmental Improvements: £ 11,410,000
- **Tenanted Total: £198,500,000**

- Leasehold improvements £ 19,000,000
- **Total construction works: £217,500,000**

Subject to satisfactory outcomes of the survey of homes programmed for Years 4 & 5 of the programme, the Decent Homes Standard can be delivered within anticipated programme resources. Key issues and assumptions are as follow:

- A total of 11,641 homes are anticipated to be made decent over the period of the Decent Homes programme. (This figure includes the 6,704 homes that were identified as non-decent at the outset of the programme and the remaining 4,937 homes that are anticipated to become non-decent over the same period)
- As a result of Value Engineering work-to-date the average unit cost has reduced from £18,309 in Year 1 to £17,392 in Year 3 – a reduction of 5%. It is assumed that a similar level of investment is required for properties in Years 4 & 5 but with further savings of some £2m resulting from cost efficiencies identified in 8.4 below
- That delivery is based on the basic and not enhanced Decent Homes Standard
- This level of investment per unit can only be sustained for the remainder of the programme on the assumption that a minimum of £19m of leaseholder contributions are reinvested in the programme.

## 7. Current Overall Programme Position

7.1 2010/11 is the third year of the Homes for Haringey Decent Homes Programme. To date more than 4,000 tenanted homes have benefited from works, including:

- Kitchens to 2,277 tenanted homes
- Bathrooms to 2,098 tenanted homes
- Roofs to 1,175 tenanted homes
- Windows to 2,119 tenanted homes.

7.2 Leaseholders also benefit from external works where works are carried out.

7.3 The level of stock decency has increased from 58% of dwellings at the start of the programme to 75.35% at 30<sup>th</sup> September 2010.

7.4 Resident satisfaction has been very high at an average of 96.5%.

## 8. Key Issues and Risks

8.1 Based on information currently available, the programme can deliver the decent homes standard to all stock within available resources. However, there are some significant areas of risk and challenges that will need to be managed.

8.2 **Decent Homes Funding:** The Department of Communities & Local Government has confirmed the Decent Homes funding allocation for Years 1, 2 & 3. The Government has indicated in the Comprehensive Spending Review that the Decent Homes Programme will continue. However, future funding for the programme is dependent on the outcome of a consultation exercise and new bidding round.

8.3 **Efficiency Savings:** A specific Decent Homes Value Engineering and Best Value report detailed the significant progress that has been made in delivering cost savings in the Decent Homes programme through:

- The establishment of basket rates for key elements of the works, including arrangements with existing supply chain partners
- Savings that will be generated through the Supply Chain Management Group (SCMG)

8.4 These efficiency savings have delivered a reduction of approximately 7.2% against key elements of the works programme (kitchens, bathrooms, windows, and scaffold) and have contributed to a reduction of 5% in average unit costs from between Year 1 and Year 3 of the programme. Total savings from this work alone are expected to exceed £7m. Further savings of at least £2m are anticipated for Years 4 and 5 from the work with SCMG.

## 9. Decent Homes Programme: Year 3 (2010/11)

9.1 In Year 3 we anticipate completing works to a further 1,800 tenanted homes with a budget of £33.5m. The target is to increase the level of stock decency from 72.5% to 79.75% by 31<sup>st</sup> March 2011.

9.2 The end of September 2010 position is detailed below at **Table 1**:

	<b>Hornsey</b>	<b>Wood Green</b>	<b>South Tottenham</b>	<b>North Tottenham</b>
Number of units with work in progress	9	71	28	30
Number of units with works complete	123	149	388	116
Resident satisfaction figures %	98%	78%	97%	100%
Progress against programme	on programme	on programme	on programme	on programme

9.3 Actual spend to the end of September was £13.550m against a profile of £12.038m (13% ahead of profile). It is anticipated that the Decent Homes Programme will spend to the budget of £33.5m in 2010/11.

9.4 735 homes have been made decent in Year 3 to date, bringing the overall total to 4,491 since the start of the programme.

9.5 In September 2010, 19 resident satisfaction forms were returned. 89.5% of respondents indicated that they were either satisfied or very satisfied.

9.6 **Table 2** sets out the position with regards to the number of no access and refusal cases in the Decent Homes Programme to date:

<b>Constructor</b>	<b>Area</b>	<b>No access/refusals</b>
Apollo	South Tottenham	36/33
Lovell	North Tottenham	43/14
Wates	Hornsey	24/24
Mulalley	Wood Green	43/86
<b>Totals</b>		<b>146/157</b>

**Table 2.**

9.7 Our Decent Homes tenancy management officers have been pro-actively working to minimise the number of cases with some considerable success.

## **10. Survey of Years 4 and 5 Properties**

10.1 No detailed survey information is currently available for Years 4 and 5 (2011/12 and 2012/13) of the Decent Homes programme. Consultants are currently being commissioned to undertake this work and it is anticipated that detailed survey work will be completed by early 2011. Properties will be surveyed to establish:

- The level of investment required to bring them up to the Decent Homes Standard
- The remaining life of major components that are not being renewed which will help plan future investment requirements.

10.2 When this exercise is complete, we will have a clear view of the precise level of investment required to bring the remainder of the stock up to the Decent Homes Standard and will be able to make decisions on the priorities for any remaining funds.

10.3 This survey work to date, has been within the scope of the existing Decent Homes Framework Agreement. However, it is thought that a single surveying company will improve the quality and consistency of surveys and will give a clearer strategic overview of investment needs and priorities. It is also anticipated that significant financial savings can be made – potentially in the region of £450k. Procurement of this work is currently being progressed through an existing framework established by City West Housing Trust.

## **11. Procurement of the Decent Homes Programme for Years 4, 5 & 6**

11.1 The current Decent Homes Constructor Partner Framework runs for four years and will expire in December 2011. It is proposed to deliver Year 4 (2011/12) of the Decent Homes programme through the existing Framework.

11.2 Significant progress has been made in achieving cost savings from the existing framework through value engineering and supply chain management.

11.3 In negotiation of contract prices for the Year 4 programme, we will investigate options for further cost reductions and efficiency savings. This will include the anticipated financial benefit of the Supply Chain Management Group (SCMG). We

will also explore any options for negotiating reductions in Main Constructor Partners' overheads and profits in the context of the current construction market.

11.4 A procurement strategy is currently being developed for Years 5 & 6 of the Decent Homes Programme. This strategy will consider the most appropriate procurement route for the Decent Homes Programme, Capital Programme and the Planned Preventative Maintenance Programme for 2012 and beyond. This strategy will consider all aspects of the procurement, including:

- The number of constructors on the framework
- The form of contract
- Any specialist contractors required.

11.5 There will be a considerable lead in time for this process and it is anticipated that the procurement process will commence in spring 2011 with a view to contracts starting on site from April 2012. Further details of this procurement process will be developed in partnership with the London Borough of Haringey Corporate Procurement Group in the coming months and reported to Homes for Haringey Board and Capital Programme Board to agree the recommendation to be made to LB Haringey Procurement Committee.

## **12. Estate Improvements and Regeneration**

12.1 The Environmental Improvement Programme is funded from the £11.4m sustainability element of the overall Decent Homes allocation. Works have been costed for 27 estates based on priorities set out in individual Estate Plans. Tenders are being prepared for the initial £2m phase of the Environmental Improvement Programme which will be let in 2010/11.

12.2 Homes for Haringey are continuing to work closely with Strategic and Community Housing in the development of an Estate Regeneration Plan. This includes exploring potential for new supply through hidden homes/new build initiatives.

## **13. Energy Efficiency**

13.1 Homes for Haringey are in discussion with the Council and British Gas on options for the £3.5m Community Energy Savings Programme funding. We are currently looking at suitable stock within defined 'super output areas' where eligible measures can be carried out alongside Decent Homes works. Funding is available until December 2012.

## **14. Decent Homes Funding**

14.1 The Department of Communities & Local Government has confirmed the Decent Homes funding allocation for Years 1, 2 & 3. However, future funding for the programme is indicative at the present time and funding commitments for 2011/12 and 2012/13 have yet to be confirmed.

## **15. Supported Housing Schemes:**

15.1 26 of the Council's 29 sheltered housing schemes are included in year 3 (2010/11) of the Decent Homes programme.

15.2 Following a comprehensive procurement selection process, which residents were involved in, Breyers have been appointed to undertake Decent Homes works to the 26 schemes.

15.3 Internal and external works are being carried out in two separate phases. The external phase, including roof, window, and door renewals, where necessary, is due to start on site in November 2010 and complete by July 2011.

15.4 The internal phase involves bringing all internal elements up to the Decent Homes standard including kitchens, bathrooms, electrics, boilers and heating, where necessary. This is on target to start in October 2010 and complete by April 2011.

## **16. Chief Financial Officer Comments**

16.1 At present the Decent Homes project is expected to stay within budget, although costs for later years will not be known until survey work has been completed.

16.2 The CSR announcement on 20th October indicated support for continuation of Decent Homes, although exact funding amounts are not known at this point.

16.3 Leaseholder contributions are shown as contributing towards the total cost of the work, however this assumes all contributions are collected and as contributions may only be due several years after the spend is incurred there may well be cash flow implications.

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

Not applicable.

## **18. Head of Procurement Comments.**

Not applicable.

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

19.1 Homes for Haringey's Asset Management Strategy, covers all investment in the Councils 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.

## **20. Consultation**

Not applicable.

## **21. Service Financial Comments**

21.1 Funding for the Decent Homes Programme for 2010/11 is included within the Housing Capital Programme for the year. This comprises £30.5 million in Government funding through supported capital expenditure and £3 million in contributions from leaseholders.

21.2 Leaseholder contributions to Decent Homes works are being earmarked for re-investment in the programme. To date £7.3 million has been recharged to leaseholders although payment of these accounts may be spread over a number of years in line with the payment options agreed.

21.3 A full spend of the £33.5 million budget is forecast for 2010/11.

21.4 Value for money is being sought through value engineering and supply chain management on various elements of the programme. Savings from this work are expected to exceed £7m. These savings are taken into account in programming works which are monitored monthly along with all projects in the capital programme. These savings are being used to achieve the target of full decency by the end of the Decent Homes Programme.

## **22. Use of appendices /Tables and photographs**

22.1 None

## **23. Local Government (Access to Information) Act 1985**