



Report Title	Housing Revenue Account Capital Programme - 5 year plan
Reporting Officer	Ola Akinfe - Head of Asset Management & Simon Godfrey - Resident Involvement and Communications Manager
Executive Director	Bob Watts
Meeting Description	Quarterly Monitoring Meeting
Meeting Date	18th December 2007
Agenda Item	
Status of Report	Non Confidential

## **1. Subject of Report**

- 1.1 To report on the proposals for the housing revenue account capital programme in light of decent homes funding over the next 5 years.

## **2. Recommendations**

- 2.1 That the Board agrees to recommend to the Council;
- a) The principle of ring fencing the decent homes funding to the decent homes programme, including the 5% allowance for environmental works.
  - b) To use the balance of Major Repairs Allowance(MRA) and Supported Capital Expenditure(SCE) for 2008/09 – 2012/13 (after deduction of other commitments as per Table 1) to fund the proposed Mechanical and Electrical works Programme(M&E) and the Planned Preventative works programme(PPM) for the next 5 years.
  - c) To refocus the estates improvement programme for the duration of the decent homes programme in favour of delivering through a Groundwork type approach to environmental works.
  - d) To defer any environmental works until a full Borough wide assessment has been made of needs on all estates regardless of whether the dwellings meeting the decent homes standard or not, including full resident involvement.
  - e) To note the proposed methodology for prioritising improvement works and to agree that this be finalised for agreement by the Board and Council.
  - f) The proposed year one decent homes programme as set out in Appendix 2





## 3. Background

- 3.1 In August Homes for Haringey were awarded a two star rating by the Audit Commission. In July a green paper was published announcing at least £2.0bn ALMO funding for round 3 – 6 ALMOs. In light of the above it is more likely than ever that Homes for Haringey will receive ALMO funding for the decent homes programme over the next four to five years following the government's comprehensive spending review.
- 3.2 In addition it is anticipated that the MRA and SCE allowances will continue at the same level (subject to economic increments and stock loss) until the end of the decent homes programme. At this point it is likely that the SCE allowance will stop as is the proposal for other ALMOs who have completed their decent homes programme such as Brent Housing Partnership and City West Homes.
- 3.3 An earlier version of this report was agreed by the Service Delivery Committee on 23<sup>rd</sup> October 2007.

## 4 Estimated Funding and Programme - 2008/09 to 2012/13

- 4.1 Table 1 shows the approximate maximum funds available for capital works over the next 5 years and commitments against those funds assuming MRA and SCE do not reduce until the end of the decent homes programme and that we receive and spend the full value of the decent homes bid. It should be noted that although £1.3M per year has been allowed for adaptation works the Council is currently considering future funding options given the Audit Commission recommendation for this to be funded from other Council resources and not the Housing Revenue Account (HRA).

<b>Table 1</b>	<b>£ '000</b>					
Heading	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Decent Homes bid	46056	61737	61951	61611	0	231355
Major Repairs Allowance*	12230	12475	12725	12975	13225	63630
Supported capital expenditure*	6233	6233	6233	6233	0	24932
<b>Maximum Total Income</b>	<b>64519</b>	<b>80445</b>	<b>80909</b>	<b>80819</b>	<b>13225</b>	<b>319917</b>
Decent Homes	46056	61737	61951	61611	0	231355
Voids Works	1000	1000	1000	1000	1000	5000





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Capitalised Repairs	4363	4363	4363	4363	4363	21815
Cash Incentives	250	250	250	250	250	1250
Departmental Overheads	1215	1251	1288	1291	1330	6375
Adaptations	1300	1300	1300	1300	1300	6500
Boiler Replacement(planned)	1664	1664	1664	1664	1664	8320
Estate Improvements	120	120	120	120	120	600
Programme contingency	200	200	200	200	200	1000
<b>Likely Commitment</b>	<b>56168</b>	<b>71885</b>	<b>72136</b>	<b>71799</b>	<b>10227</b>	<b>282215</b>
<b>Uncommitted Budget</b>	<b>8351</b>	<b>8560</b>	<b>8773</b>	<b>9020</b>	<b>2998</b>	<b>37702</b>

4.2 **THE PROPOSED TOP LEVEL PROGRAMME** - Over the next 5 years we are proposing three main work streams;

- Decent Homes programme, including environmental works
- Mechanical and Electrical works programme
- Planned Preventative Maintenance works programme

4.3 **The Decent Homes Programme** will address all the needs of the stock in terms of individual units and work elements as follows;

- a) External envelope – roofs, windows, rainwater goods, brick works, concrete repairs and structural works relevant to decent homes.
- b) Internal works - kitchens, bathrooms, heating systems, electrical rewiring to individual units
- c) Environmental works – estate based works outside the building line but within the housing property line. Spend on this element will be limited to 5% of the decent homes funding agreed by Government i.e. a maximum of £11.5m approx if the full amount of the bid is agreed.

4.4 **The Mechanical and Electrical works Programme (M&E)** will address the service support needs of the stock and work elements as follows;

- a) Lifts – renewals and upgrades
- b) Electrical works to blocks – Digital television upgrades, Landlords supply, individual unit rewires – to units not in the decent homes programme
- c) Controlled entry/close circuit television system – upgrades, renewals and new installations
- d) Structural works – to units not in the decent homes programme





- e) Water Services – water tank upgrades and renewals, main water services, booster pumps.
- f) Gas works – planned boiler renewal programme, catch up compliance works to existing individual systems.

4.5 **The Planned and Preventative Works Programme (PPM)** will address external envelope decorations and repairs to units not in the decent homes programme.

4.5.1 As shown in table 1, the next five years of decent homes funding will enable us to spend approximately £38M on M&E and PPM over the same period running concurrently with the decent homes programme. This does not include any over programming.

4.5.2 The funding for the decent homes programme is yet to be clarified by central government and as such the affordability and the extent of works carried out under the programme cannot be finalised. In principle, we propose to ring fence the decent homes funding to the decent home work detailed in 4.3 above. This means the extent and scope of work will be adjusted to suit the funds available.

4.5.3 A separate report on the decent homes specification was considered by the Service Delivery Committee on 23<sup>rd</sup> October 2007. This will set out the benchmark standard against which we can increase or decrease provision dependant on the final allocation.

4.5.4 This approach will maximise the advantage of the decent homes funding by concentrating the other available funds on catch up work Haringey Council has not been able to afford in previous years due to more pressing financial commitments.

4.6 **Decent and Non-decent Stock Verification.** The stock number including leaseholders as at 31<sup>st</sup> March 2007 was 20,969 units.

4.6.1 Verification surveys are being carried out by the constructor partners to establish what properties should be included in the decent homes programme. Based on the 2003 survey, the programme will work on approximately 10,900 units over 4/5 years and the PPM programme will work on 9,500 units over 5 years. Migration between the two stock lists will be influenced by the ongoing survey programme as described below. Surveys commenced at the end of July 2007. The proposed year one decent homes programme is ready for approval and the remaining





3 – 4 years will be ready for approval by April 2008.

#### **4.7 Rolling Survey Programme**

- a) All stock – the verification survey exercise will entail the physical survey of approximately 1000 units across all stock and archetypes followed by a desktop exercise to extrapolate this across the rest of the stock. This will confirm the decent: non-decent split.
- b) Decent stock – this will be surveyed on a rolling programme over 18 months by the in-house project management team. The main aim being to update the stock condition data base, inform the PPM programme and identify future needs.
- c) Non-decent stock – this will be surveyed by the construction partners on a 'just in time' basis running approximately 6 months ahead of the decent homes work programme. The main aim being to provide detailed information for the decent homes programme and to update the stock condition data base.

### **5 PROPOSED YEAR ONE DECENT HOMES PROGRAMME**

- 5.1 The decent homes delivery team are operating in the four main areas of the borough in line with the Housing area boundaries as follows.

Mullaleys – Wood green  
Wates – Hornsey  
Apollo London – South Tottenham  
Lovells – North Tottenham

- 5.2 The construction partners were instructed to prepare a tentative programme of works valued at £9m per contract area pending the confirmation of funding by the Department of Communities and Local Government (DCLG).  
The proposed programme of works for year one is attached at Appendix 2.
- 5.3 The programme shows the outline works proposals and budget headings for each of the areas noted above. This covers internal and external works as required under the decent homes specification based on the ongoing verification survey exercise. The





indicative costs are based on the uplifted costs extrapolated from the 2003 stock condition survey data.

### The Works;

- 5.4 Internal works – kitchen, bathrooms, electrical rewires and central heating upgrades.
- 5.5 External works – windows, roofs, rainwater goods, external doors, fascias and soffits plus associated works.

### The Budgets;

Contract Area	Programme Budget Figure (£'000)
Wood Green	8,300
South Tottenham	11,100
North Tottenham	13,000
Hornsey	8,600

- 5.6 The programmes as proposed do not exactly match the indicated budget figure. This is to allow for any variances that may occur based on the verification surveys completed and to allow some flexibility to ease delivery.
- 5.7 Years 2-5 - The overall 4/5 year programme is 40% complete. Key development and pre commencement activity is ongoing and meeting all critical milestones.  
We are on target to;
  - Publish the Year 1 programme in December
  - Publish the outline 4/5 year programme in April 2008
  - Start on site with the pilot projects in February 2008
  - Start on site with the main programme in April 2008

- 6 **Environmental Improvements** – it is proposed that the funding for this work is restricted to the 5% allowance within the decent homes programme as described above. In order to ensure that we gain maximum effectiveness a different approach is being proposed compared to previous years. This requires estate audits to be carried out Borough wide before committing to any works on site.

- 6.1 It is proposed to deliver an environmental improvement works package that;





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- Will consider the same type of projects normally carried out under the estates improvement programme (EIP) or Better Haringey EIP.
- Is in line with the consultation requirements for all stake holders
- Has minimum standards that will be consistent across all housing estates.
- Will encourage consistent, sustainable design across the estates
- Will be consistent with the safer communities initiative and as such may attract additional grant.
- Can be applied consistently across all housing estates within the borough.

- 6.2 To ensure this proposal achieves its objectives we are proposing to use the same methodology across the borough to assess the physical and social needs on estates and propose solutions specific to each estate that will be built by the construction partners.
- 6.3 Pilot assessments have already been carried out to 17 estates in the North Tottenham area by the Groundwork Trust using neighbourhood renewal funding. Groundwork is a charitable organisation which supports communities in need, working with partners to help improve the quality of people's lives, their prospects and potential and the places where they live, work and play. They have a strong track record of delivering environmental improvements on housing estates including full tenant engagement. They operate many Groundwork trusts across the country and the Council are currently considering establishing a trust in Haringey. Further information can be found on their web site at [www.groundwork.org.uk](http://www.groundwork.org.uk).
- 6.4 The proposal is to extend this approach to cover the rest of the borough so that the environmental needs of the whole stock can be taken into account when determining what works are carried out.
- 6.5 The Council are currently in the process of establishing a Groundwork Trust for Haringey and it is hoped that this will be in place in time for it to be used for the estates improvement programme.





- 6.6 The Resident Involvement team have proposed the following process of consultation and involvement of staff and residents:
- 6.7 Process for prioritisation of works - funding is limited and cannot hope to address all environmental needs in the housing stock. It is proposed to develop a model which will award points for various aspects of potential works. This will be agreed by the residents Asset Management Panel as a way of getting agreement that residents' priorities are being met in deciding what works will be done.
- 6.8 Staff to be consulted on what they wish to see prioritised and what sort of weighting they would give to each factor. The teams proposed to be consulted are:
- Housing Management - Senior Management Team
  - Responsive repairs managers, including the estates team
  - Asset management
- 6.9 The likelihood is that proposed works will in some way relate to the removal of hazards: that is resolving problems relating to health and safety, crime, disability and so forth. Beyond that, the consultation process will identify other factors that residents and staff feel are important. Factors might include the ability to attract matched funding, affordability and ease of delivery, whether the work will help estate services, length of time the issue has been a problem and so on – these will be for various staff teams and Asset Management Panel to identify and to agree the weighting which will be given to each. Once points are awarded against each factor (by staff and residents), this will create a list in priority order. The timescale for arriving at the points model will be by the end of February 2008.
- 6.10 The long list of possible environmental works will be collected during estate inspections over the first six months of 2008/9. Residents will be sent notices locally advertising this and inviting them to attend or to give their views to tenancy management officers. Tenancy management and estate Services will collate area lists of proposals with the points awarded for each category by them, by the estates team from the inspections, and by residents. The Heads of Tenancy Management will sign off the area lists having moderated the points awarded for consistency.
- 6.11 The Heads of Tenancy Management and the Head of Estate Services have been consulted on this approach and are in agreement with it.





- 6.12 Once the prioritised shortlist is reached, detailed plans can be drawn up for those works most likely to be funded. Further local consultation at estate level would then take place to ensure that the specifications will meet local needs and that circumstances have not changed considerably since the estate inspections.
- 6.13 This process will take the greater part of 2008/9, and this means that it may be difficult for the decent homes construction partners to carry out the environmental works alongside decent homes works scheduled for that year. However, it will be possible to programme them into future years and thereby minimise costs.
- 6.14 The approach set out above is proposed for the 5% element of the decent homes funding which will be applied to environmental sustainability. A small amount of additional funding from MRA/SCE is proposed to allow area offices some flexibility in responding to issues arising predominantly from the estate inspection process.
- 6.15 It should be noted that there will be no further funding available for more comprehensive estate improvement type works that fall outside the priorities agreed for delivery and the Council will need to consider supplementing the resources set out in this report if the intention is to carry out all the works identified by the borough wide survey.

- 7 **The Proposed Mechanical and Electrical (M&E) Programme –**  
Preparation for the proposed 2008/09 programme is 90% complete and the project launch was achieved on 10<sup>th</sup> August (see attached project plan at appendix 1). Preparation for the 5 year programme is 50% complete. The issues being taken into consideration in compiling this programme are set out below. The detailed programme proposed for 2008/09 will be reported to the next meeting of the Board or Service Delivery Committee.

- 7.1 **Statutory requirements and commitments**  
An M&E programme will address most of our immediate statutory compliance and current building regulation issues that we currently do not meet including;
- 7.2 **Digital television** – The government intends that transmission of all United Kingdom television and radio will be switched from analogue to digital signals between 2007 and 2012. Haringey will be affected in 2012. We are considering the option of funding this work





by introducing a new service charge on all residents to cover the capital costs and the ongoing maintenance cost. However, this report assumes the funding will come from within our existing resource allocation.

- 7.3 **Electrical Mains/Wiring** – The existing main electrical supplies in several of our buildings are coming to the end of their working life and have been deteriorating for many years. Various blocks have had individual mains fail resulting in emergency call-outs to replace them. There are also health and safety issues depending on the condition of the cables which often cannot be detected due to their inaccessibility.
- 7.4 **Electrical Inspections** – It is generally recommended that all electrical installations have a periodic electrical inspection carried out to landlords services every five years and individual dwellings every 10 years. At present only voids are tested. As landlords we are responsible for ensuring the health and safety of the residents and it therefore our responsibility to ensure that this is carried out. Recently The London Fire and Emergency Planning Authority (LFEPA) have identified the lack of test certification on a number of our buildings and any further inspections will highlight more uncertified block and the associated statutory works required for certification.
- 7.5 **Lift installations** – The existing lifts in many of our buildings are coming to the end of their working life and have been deteriorating for some years with breakdowns increasing. The equipment in various blocks cannot be adequately maintained with any breakdowns resulting in the lifts being out of service for long periods. The equipment to some of our lifts cannot be repaired as the manufacturer(s) no longer exist.
- 7.6 **Thames Water Authority (TWA) works /water tanks** – Both our own term contractors and TWA have identified issues on the general matter of the wholesomeness of the water supplies in accommodation blocks. TWA have issued default notices in some blocks where their inspections have followed where pumps have had to be installed to cope with the their pressure reduction programme. Current legislation also calls for risk assessments to be extended from the tank room to cover the entire water distribution system in a block.
- 7.7 **Gas Installations** – Heating systems in the stock are, generally, in below average condition due to age. Boiler replacements are





currently undertaken on a reactive basis within the gas servicing and maintenance contracts. The stock would benefit greatly from a planned boiler replacement programme.

- 8 **Planned Preventative Maintenance programme** – Preparations for the 2008/09 programme are complete, tenders have been received and work can commence in March/April 2008. Planning the 5 year programme is 30% complete but is subject to changes in line with the verification surveys being carried out under the decent homes programme.

9 **Asset management Strategy**

These proposals are consistent with our overall organisational objectives and the specific objectives as laid down in the asset management strategy and the action plans arising from the strategy previously agreed with EMT, specifically;

- To help regenerate Haringey's neighbourhoods and provide a safer, greener and cleaner environment
- To provide better homes and deliver value for money
- To increase the energy efficiency of our homes and deliver sustainable investment
- To improve the ratio of expenditure on planned/responsive repairs
- To deliver decent homes
- To consult and engage residents fully in the development of the work programme

10 **Comments of the Executive Director of Finance**

- 10.1 The assumption of continued Supported Capital Expenditure (SCE) until the end of the Decent Homes programme is based on commitments made by the Regional Housing Board and is therefore a sensible and prudent assumption.
- 10.2 The assumed Major Repairs Allowance (MRA) resources will need to be kept under periodic review, as this source of funding is determined annually through the government's Determinations of Housing Subsidy.
- 10.3 Neither SCE nor MRA resources provide for the costs of works to leaseholders dwellings, or for the costs relating to leaseholders'





share of works to communal parts. These costs are recoverable from leaseholders, and so should be cost-neutral in the long term subject to the receipts being recycled into the Capital Programme. In the short term, the impact on cashflow will need to be supported through HRA Capital Resources; though this impact could be minimised by raising recharges in advance rather than on the completion of works as at present.

- 10.4 From 2012/13, the only dedicated capital resource will be the MRA. This is based on the Building Research Establishment's national "Need To Spend" model, and may not therefore accurately reflect the demands of Haringey's stock in terms of funding major works necessary to maintain the stock in good condition.
- 10.5 Furthermore, the MRA does not include provision for many of the "Likely Commitment" items (such as cash incentives, adaptations, and estate improvements) and there would therefore be a shortfall in funding for major repairs unless additional resources (e.g., capital receipts) are also made available. This potential shortfall would lead to under-investment in stock, so that the Decent Homes standard would not be a sustainable one.
- 10.6 Capital funding for Digital Television Aerials can be amortised and recovered through service charges to tenants benefiting from the provision of this new service, as set out in para 7.2, along with annual maintenance costs; the introduction of a charge would be subject to a Council decision subsequent to consultation.

**APPENDIX 1 – 2008/09 Mechanical and Electrical Works Programme**

**APPENDIX 2 – Year 1 Decent Homes Programme**



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