

Lead Officer: Executive director of adult services, health and housing

Wards: All

Agenda Item: 6

Subject: MAJOR REPAIRS AND IMPROVEMENTS - CAPITAL PROGRAMME 2012/13

1. RECOMMENDATIONS

- 1.1. The panel is asked to note the detailed major repairs and improvements programme for 2012/13 (as set out at **Appendix 1**).
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2. EXECUTIVE SUMMARY

- 2.1. The council owns and manages a stock of 16,182 homes, 14,080 occupied by tenants and 2,102. The ages of these homes vary with 251 properties (2% of the stock) dating back to the 19th century and the majority (77%) built before 1970. Because all buildings deteriorate over time whether through the normal wear and tear, exposure to the elements, or gradual deterioration of components with use; we need to continually invest in our homes to prevent and reduce deterioration and protect the stock so that it continues to provide good quality housing now and for future generations. At the same time, ongoing investment including in technological advances can help meet the rising expectations of residents and means that we can raise standards thereby improving and not just maintaining homes.
- 2.2. At its meeting on 1 February 2012, the Tenants' and Leaseholders' Panel considered a report, *Housing Revenue Account Rent, Service Charge, Garage Rent And Budget Setting – 2012/13*, describing the impact of a new financial regime ("self-financing") introduced by the government for local authorities which have retained their housing stock, and seeking approval for the annual rent increase. The net effect of these changes is a much-needed increase in the resources available for investment in the council's housing stock. In particular, the new self-financing regime will have a positive impact over the coming decades by providing much greater certainty over the future level of resources (allowing us to plan more precisely), by offering complete local control over resources, and by enabling borrowing on favourable terms to fund capital improvements.
- 2.3. The panel agreed that £23.271m be allocated to the major repairs and improvements programme for the coming year. This report fills in the detail and sets out exactly how we will use this funding. Resources for the programme in 2012/13 are 64% higher (£9m) than in 2011/12. And the council is committed, through the housing revenue account, to increasing the budget by 2% above inflation each year from 2013/14 onwards.

- 2.4. As a result of the additional resources, a number of individual investment programmes will see very healthy increases in resources. In particular, the panel is asked to note that funding for energy efficiency measures (including central heating replacement) and spending on security improvements will both almost double. Spending on other main programmes (roofs and windows, re-wiring and external painting) will increase by more than half. The kitchen and bathroom refurbishment programme will be maintained at a similar level to 2011/12. **Appendix 1** provides a summary of the different programmes and the change since 2011/12.
- 2.5. The detailed programme has been drawn up in consultation with the stock investment working group, a group of 12 residents who came together for a series of four meetings to review progress against the repairs and improvements programme in 2011/12, and to consider and amend proposals for 2012/13. The main change, made as a result of the SIWG, is the re-introduction of the supported decorations scheme (see paragraph 5.19). The group also stressed the importance of security measures. The concern, raised at the Tenants' and Leaseholders' Panel on 1 February, about the condition of much of the garage stock has also been taken on board and resources allocated to a refurbishment programme.

3. **BACKGROUND – THE INVESTMENT NEEDS OF THE HOUSING STOCK**

- 3.1. The council maintains a large body of data about its homes and this information enables us to analyse and predict what we need to do in order to maintain the stock over time. We know the average lifetime of components such as boilers and roofs which, together with information about when these were last installed or replaced, tells us how much work we need to do each year to keep them up-to-date and in good repair. We also have an annual programme of home surveys which gives us detailed information about individual properties and also allows us to make certain assumptions about similar homes, as it is not possible to survey every home each year. We also hold information about blocks of flats and estates which tells us about specific works required to communal areas, to which is being added the external decoration surveys that Mulalley, our external decorating contractor, is now undertaking of our entire housing stock.
- 3.2. There are various ways in which we set standards or determine what we should be doing. As mentioned above, for example, we know that we have to replace some features or installations at the end of their lifetime. We are also committed to maintaining homes to the decent home standard. This is a national standard which provides general guidance to landlords on what makes a property weather-proof, what constitutes a minimum state of repair and minimum level of energy efficiency, and what provides a healthy and safe environment in which to live. All of these factors are taken into account in determining when to refurbish or enhance facilities such as kitchens or bathrooms. The government set a target for all social landlords to bring 100% of their stock up to the decent home standard by March 2011 and Croydon was one of the few local authorities in London to achieve this target. However, homes will not remain at this standard for ever and will need ongoing investment to address the effects of ageing and wear and tear. The information we gather from surveys and works programmes is used to calculate when individual homes are likely to start to fall below the standard and require re-

investment.

- 3.3. Whilst the decent homes standard addresses a number of important investment areas, it does not take into account all requirements for maintaining the stock; for example it does not cover external decorations, re-wiring or home security which we know are also high priorities for our residents. The focus in recent years on modernising kitchens and bathrooms in order for all homes to meet the decent homes standard, an extensive and high-cost programme, has meant a build-up of need in these and other areas. To redress this, we will now, for example, be increasing investment in external decorations (in order to keep estates looking attractive), re-wiring (in order to modernise electrical systems) and home security to improve the safety of residents.
- 3.4. We are also committed to making improvements to the stock. In particular, we have a year on year target to increase the average SAP rating (a measure of a home's level of energy efficiency) of the stock through activities such as improving insulation and heating upgrades. We are also committed to replacing the remaining single-glazed windows with double glazing through an ongoing programme.
- 3.5. Whilst the resources available for investment have increased with the introduction of self-financing, the council cannot immediately meet all of the requirements described above. In order to manage the full range of investment needs, we consider them over a five year period which allows us to enter in to long term contracts as well as to group activities together and smooth out peaks and troughs in investment. This enables us to achieve economies of scale and get best value for money. We also maximise the use of resources by investing only where individual homes need it; for example, we modernise kitchens and bathrooms where they have been surveyed and identified as requiring works. The five-year investment plan will ensure that we continue to make homes decent as they fall below the standard over time as well as address the build up of need identified above.

4. BACKGROUND – CAPITAL RESOURCES

- 4.1. Table 1 sets out the total capital resources available for investment in 2012/13 and Table 2 summarises how these resources will be allocated.

Table 1: Capital resources 2012/13

Source	£000
HRA major repairs reserve	16,035
HRA unsupported borrowing	3,500
Right to buy receipts	900
Property disposals	300
Revenue contribution to capital outlay	6,186
Transfer from reserves	700
Section 106	100
New homes bonus	150
Total resources	27,871

Table 2: Capital programme 2012/13

Heading	£000
Assisted private purchase scheme	500
Special transfer payments	250
Larger homes	100
Council new-build homes	3,750
<i>Housing supply measures – sub-total</i>	<i>4,600</i>
Planned maintenance and improvements	23,271
<i>All capital programmes – overall total</i>	<i>27,871</i>

- 4.2. In addition to the resources for major repairs and improvements, the council has set aside a budget of £12.6m for responsive repairs (minor repairs reported by residents on an individual basis); heating and electrical repairs and void refurbishment; and £875,000 for cyclical repairs such as regular repair and servicing of lifts, alarms, adaptations, gas appliances and communal boilers.

5. THE MAJOR REPAIRS AND IMPROVEMENTS PROGRAMME - DETAIL

- 5.1. The overall investment programme is broken down under a number of heading themes or headings, described more fully below.

Energy efficiency and sustainability

- 5.2. Altogether, we have allocated £3.198m to central heating and energy efficiency measures. This is an increase of £1.85m (137%) since 2011/12. It is predicted that the new measures will increase the SAP2001 rating from an estimated 80 at March 2012 to 81 by March 2013.
- 5.3. The main element of this programme is central heating programmed boiler replacements – this is where boilers that are old and inefficient are replaced with modern energy efficient boilers. In addition to a planned programme of replacements, there is also a budget to allow boilers to be replaced as and when identified as part of the three-star gas contract with repairs contractors.
- 5.4. One new item in the programme is “thermal imaging”. This relatively new technology uses infrared photography to assess the effectiveness of insulation by seeing how much heat is escaping from properties. The information obtained will allow us to identify problem areas and target future programmes accordingly. £50,000 will allow us to carry out a pilot programme of surveys with the intention of rolling this out to our entire stock in the following year.

Kitchen and bathroom refurbishment

- 5.5. A key element of the programme to bring all homes up to the decent home standard involved the internal modernisation of kitchens and bathrooms. The kitchen and bathroom refurbishment programme started in 2002/3 and, by the end of 2011/12, 5,916 homes have received new kitchens and/or bathrooms with a total investment of £69.998m.

5.6. From now, we will continue to refurbish homes as the facilities reach a certain age (20 years in the case of kitchens, 30 years in the case of bathrooms) *as well as* experience problems such as disrepair, hazards and poor layout which cannot be otherwise remedied. It should be noted that, where only one room is failing the standard (for example the kitchen) we will only modernise that room and will leave the other room (the bathroom in this case) until it falls below the standard. These strict criteria for assessing the need for modernisation are important if we are to now free up some resources for other programmes which have been held back whilst we tackled the kitchen and bathroom modernisation.

5.7. As we survey homes, we add any which need, or are estimated to need, works in the future to the list of properties for inclusion in the programme. There are 520 homes on the list for modernisation in 2012/13 and it is likely that other homes will come to light during the year as needing urgent works. To meet this need, we have allocated £5.64m. A small proportion of this funding will be for extensions where the kitchen does not meet the space standard.

Security

5.8. £750,000 has been allocated to the block door entry installation programme and a further £275,000 to provide security grade front and back entrance doors to individual homes. These are selected using burglary hot spot reports so that the most vulnerable locations are targeted as a priority.

Asbestos removal

5.9. Under revised legislation there is a new duty to inspect and test communal areas on annual basis. £200,000 has been allocated for the inspections, testing and to start a planned programme of removal where asbestos is identified.

Roofs and windows

5.10. Replacing the remaining single-glazed windows with double glazed is an area where backlogs exist. We increased the budget in 2011/12 and are increasing it further in 2012/13 to £1,550m (an increase of £843,000). This includes a major project to replace the windows at Atlanta Court. We do not have a planned programme of roof replacements; these are dealt with individually as and when they are identified as failing.

External decorations

5.11. In the report to the panel on 5 April 2011, the council explained that we were shortly to approve a contractor to carry out a programme of painting to external parts of blocks of flats. This 15 year partnering contract was won by Mulalley which started painting in August 2011 and to date has completed 541 houses. Maintaining the external fabric of our homes is important as well as making our estates and houses more attractive to live in. In order to meet the backlog in external painting we have set the 2012/13 budget at £2.7m, an increase from £1.125m in 2011/12. As mentioned in 3.1 above, using our information and that gathered by Mulalley, we will work closely to jointly draw up a planned programme to address the worst properties first.

Rewiring

- 5.12. As mentioned above, this is another area in which a backlog has been developing and we have more than doubled the funding from £300,000 to £785,000.

Smoke alarms

- 5.13. The council installed smoke alarms in all its housing years ten ago and, since then, as part of carrying out home safety visits, the London Fire Brigade (LFB) has also been replacing alarms. It is now time for a major replacement programme and we will be working closely with the LFB to ensure that we successfully install alarms in all of our properties. We have allocated £1m for replacements and will be going out to tender to find a company to undertake this work.

Major adaptations

- 5.14. Each year, there is demand from council tenants with disabilities for major adaptations to help them continue to live as safely and independently in the home as possible. Although demand has been constantly increasing because of demographic changes the last year has, unusually, seen a levelling out of demand. It is possible that this is because we have been meeting a lot of the demand immediately that it is identified or even anticipating demand through the kitchens and bathrooms programme which includes adaptations where a tenant is disabled. We do not know if this trend will continue and have maintained the budget at the same level again for 2012/13 (£1.350m).
- 5.15. In 2011/12, 63 kitchen and bathroom refurbishments included adaptations where the tenant was disabled and this is something which we will continue in the ongoing kitchen and bathroom programme.

Regulatory Reform Order (fire safety)

- 5.16. The council is legally required to carry out fire risk assessments to the communal parts of all blocks of flats to identify measures to ensure the safety of residents in the event of a fire. In 2007 the council and London Fire Brigade agreed on a timetable of risk assessments and resulting work for our 1,100 blocks. To date, all of the high, medium and low priority blocks have been assessed and improvement works are completed to all high risk blocks and most medium risk blocks. The further funding of £1.5m will enable this work to continue in accordance with the agreed timetable.

Ritchie Road, Springfield Road and Longhurst Road

- 5.17. These homes have solid wall construction making it difficult to insulate them to the same quality as those with cavity walls. Funding from the Greater London Authority has provided the opportunity to over clad these homes which will make them warmer and easier to heat. The works are fairly extensive and it is sensible that, whilst working on the homes, we also tackle some of the other needs such as extensions to enable the kitchen to meet the decent home space standard. A budget of £1.2m, including £400,000 GLA funding, will enable us to carry out the over cladding and associated works during 2012/13. These amounts are included under the appropriate programme headings.

Supported Decoration Scheme

- 5.18. The council used to operate a scheme under which older and vulnerable residents could get some of their rooms decorated by the council because they were unable to do this themselves because of disabilities or physical frailty. The limited resources for the scheme meant that we could only help a small number of tenants each year and the work to assess who was eligible and who should be prioritised consumed too high a proportion of the budget to make it worthwhile. The stock investment working group was very keen that we re-introduce the scheme, however. The healthier level of investment resources means that we can increase the budget (to £250,000) thereby making the cost of administering the scheme more cost effective.

Pest Control

- 5.19. A new contract for the provision of this service was put in place during 2011/12 with Southwark Council (£175,000 a year). It enables individual tenants who have problems with rats in their homes to get a free eradication service as well as responding to ad-hoc pest problems and carry out block treatments.

Retirement housing

- 5.20. The budget for retirement homes health and safety works, and other minor works has been increased from £48,000 to £200,000. This is to meet those needs that arise during the year as identified by colleagues in social services.

Youth facilities

- 5.21. Members of the panel will notice that there is no allocation against this heading in the capital programme. In reality, youth services will continue to be funded but from the revenue programme. We will continue to support the five existing youth clubs (Croftleigh, Handcroft Road, Longheath Gardens, Regina Road and Tollers), provide outreach youth services to housing estates through Croydon Community Bus; run sports and active lifestyle sessions (Sports Development); and fund London Fire Brigade Crossfire projects, the DASHH Summer Scheme and the Play Day event.

Existing contracts

- 5.22. A range of companies are employed to undertake these programmes. Mulalley and Lovells continue to delivery the kitchen and bathroom refurbishment programme. During 2011/12 Southwark Council was awarded the pest control contract, the long term external redecorations contract was awarded to Mulalley, and the replacement window contract was awarded to Asset.

Creating larger homes

- 5.23. We obtained funding from the south-west region to create larger homes by adding a minimum of two additional bedrooms to 14 existing homes to help meet the needs of overcrowded families in Croydon. The properties will be completed in 2012/13 and no more funding from this source is currently available. We will continue to fund this activity internally and have allocated £100,000 to do this.

6. LONGER-TERM STRATEGY AND PLANNING

- 6.1. Local authorities have been waiting to see the detail of the new self-financing regime for the last three or four years and to understand the implications for them in terms of the debt they are expected to take on, and there has therefore been considerable uncertainty. We are now in a position to know the level of resources available not just for the next one or five years but for the next 30 years. Obviously, many things will change over the next three decades which we cannot anticipate (changes to legal requirements or quality standards, problems with the stock, funding opportunities, technology developments and so on) but we are generally have far greater certainty now than ever before.
- 6.2. It is therefore an opportune time to review our overall and long-term approach to investment and we will be developing and consulting on an asset management strategy over the next year. Many of the proposals in this report relate to ongoing commitments and programmes. Consultation with the stock investment working group in 2011 indicated that the current priorities are the right ones but the information we now have about future resources, together with a fundamental review of our approach, may result in changes to our priorities, new types of activity or just specific programmes.
- 6.3. The social housing regulator (from April 2012, the Homes and Communities Agency) requires all social landlords to agree a local standard (a “local offer”) covering the quality of its accommodation. The standard should be no lower than the decent home standard and each home should at least meet the standards of design and quality that applied when it was built. The council has consulted residents and developed a local offer covering both quality of accommodation and quality of repairs and maintenance. It is recommended that, as part of the development of the asset management strategy, we review this offer with a view to improving standards which fall below residents’ expectations or to firming up on the commitments contained in the offer. One of the particular issues which both residents and the council are keen to review, for example, is the standard to which homes should be repaired when they become empty and ready for letting to a new tenant.
- 6.4. One of the main ways in which we ensure that the investment programme is delivered well and cost-effectively is through the selection of the best companies to undertake the work, and through the best contract packages, approaches to pricing and so on. Two major procurement exercises will be under way in 2012/13. The first, which has already started, is the re-tendering of the responsive repairs contract. The other is the re-tendering of the kitchens and bathrooms modernisation programme. Residents will be consulted and involved specifically on these exercises.
- 6.5. It is important that we continue to gather data on the stock to inform the investment programme. The idea of thermal imaging described earlier is one example of how we can add to our current intelligence. The council is considering whether to recruit an additional stock condition surveyor so that we can increase the number of homes surveyed during the next 12 months and ensure that we keep the list of addresses requiring modernisation or other decent homes works up to date.

7. FINANCIAL CONSIDERATIONS

- 7.1. The major repairs and improvements programme is funded from the housing revenue account and from loans taken out against that account. The high level programme of planned maintenance for 2012/13 was approved by Cabinet on 20 February 2012.
- 7.2. The council will continue to identify uneconomical properties for disposal as 100% of capital receipts can be reinvested back into the capital programme. However, our approach will be to retain these wherever possible because of the severe shortage in the borough of affordable housing.
- 7.3. The government has just announced changes to the right to buy legislation and an increase to the available discount to a maximum of £75,000. It is too early to know the impact this will have on demand from tenants to buy their homes. If there is an increase, it will affect receipts and raise the question of our approach to the replacement of homes lost.

8. EQUALITIES CONSIDERATIONS

- 8.1. Works of repair and improvement are carried out in close consultation with residents. Opportunities to comment on the works proposed are via various means in order to ensure that all residents affected are not unnecessarily excluded from the consultation process. The work itself improves the quality of life and enjoyment of the home for residents and in many cases will reduce energy bills and improve thermal comfort levels thereby helping older people and households on low incomes. Other works are included which will improve the quality of life for disabled and elderly residents and the needs of these residents are taken into account when designing the refurbishment and improvement of services, access to the estate and their homes etc.
- 8.2. All companies tendering for work under this programme will be asked to respond to six standard questions on racial equality issues as approved by the Secretary of State, as part of their tender submissions.
- 8.3. We are required to carry out equality impact assessments of new programmes and policies and this will include the re-tendering exercises and the asset management strategy itself.

9. ENVIRONMENTAL CONSIDERATIONS

- 9.1. The 2008/2012 Energy and Environmental Sustainability Strategy set out targets the majority of which have either been achieved or are in progress. The 2012/13 Action Plan will be drawn up taking into account the same level of funding for Renewable Energy and Energy Efficiency as the previous year and of course other programme areas e.g. boiler installations also contribute to delivery of the action plan.

9.2. The council is still rolling out the implementation of a £2.2m programme of four environmentally themed projects being funded by the Greater London Authority. Solar powered water heating has already been installed at seven sheltered housing blocks, heating upgrades to 333 homes on the Handcroft Road estate are currently in progress, and over cladding of 48 homes on Ritchie Road (referred to earlier) is also under way. The fourth theme involves the providing support, both financial and personal, for tenants, usually older, frail people, who have been reluctant to agree to having central heating installed in the past and allows us to do speedy installations in order to minimise the disruption to the tenant; 97 installations have so far been carried out where previously no central heating existed.

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Background Documents None