

Lead Officer(s): Director of District Centres and Regeneration

Wards: All

Agenda Item:- 7

Subject: STOCK INVESTMENT PROGRAMME 2016/17

RECOMMENDATIONS

The Panel is asked to note the 2016/17 capital investment programme relating to investment in the council's housing stock set out at Appendix 1

1. Purpose of Report

- 1.1. Each year, the council undertakes a programme of capital works to its stock. Within this overall programme is a range of works to improve individual properties, blocks of flats and the wider environment.

2. Background

- 2.1. The council has 13,782 tenanted homes within the housing revenue account, with a responsibility to maintain and improve conditions and standards through an ongoing programme of capital investment. We also have 2,239 leasehold homes for which we have more limited responsibilities for works which are generally recharged to the owners. The aims of investment are to:

- Prevent deterioration in the condition of the stock and remedy the effects of ageing, wear and tear, and environmental factors, thereby prolonging the life of the asset and protecting its value
- Meet statutory and regulatory requirements, eg in relation to fire safety and asbestos
- Ensure that components such as windows, roofs, boilers and kitchen facilities are renewed over time, generally in accordance with product lifetimes and industry standards
- Improve standards and provide additional features to enhance the quality of housing for tenants and leaseholders, and to help achieve certain objectives such as better energy efficiency which in turn results in lower carbon emissions and lower fuel bills

- Improve the accessibility of the stock for people with mobility or other disabilities ensuring that the council's homes cater to older and vulnerable people
- Make best use of the housing stock through the conversion of homes to better meet housing need or through the provision of specific facilities
- Improve the quality and appearance of estates, thereby providing safe, attractive and neighbourly places in which people want to live.

2.2. The housing strategy sets out some specific targets for the stock:

- 100% of homes to be maintained at the decent home standard over time
- A year-on-year improvement in energy efficiency as measured by RdSAP (the target for 2020 is now 70.6 against 67.88 for 2016)
- To assess and improve fire safety, with 100% of blocks of flats complying with regulations (we will achieve 100% by 31 March 2017)
- Approximately 320 tenants helped to remain in their homes each year through major adaptations

Resources for investment

2.3. The level of resources for 2016/17 has been set at £26.77m, somewhat below the recent baseline of £29.77m. The reason we have made this reduction is the requirement in the welfare reform and work act for social landlords to reduce rents by 1% a year for the next four years with a loss in income this year of £3m.

However, the reduction in the investment programme has been achieved without any impact on the service. We achieved an annual saving of about £2m through the re-procurement of the general building works contract starting in April 2016. In addition, we have been able to reduce some programmes (fire safety works and new door entry systems) because we are now in the final stages of meeting our targets. Nonetheless, some backlogs remain.

2.4. Compared with other London councils and ALMOs, investment per property is relatively low even since 2012. In 2014/15, it was £2,079 compared with an average of £2,256. However, the increase in spend was relatively high and, in that same year, we had the best performance of all peers (100% decent homes) and the second best tenant satisfaction with the home (79%).

3. The programme in detail

3.1. Appendix 1 sets out the programme for 2016/17. The overall level of investment will ensure that we meet current outstanding need and regulatory requirements as well as enable progress towards longer-term goals.

3.2. The main elements of the programme are as follows:

- Kitchens and bathrooms: an amount of £5.5m will enable us to modernise facilities where these no longer meet the decent home standard (eg the kitchen is older than 20 years and bathroom older than 30 years). These properties have been identified through home surveys. In the case of some older properties (four planned this year), we can only achieve the modern standard by extending the property.

- Energy efficiency programmes; altogether £4.59m has been allocated for a range of works, principally boiler and central heating upgrades (including communal systems). Our current target is to replace boilers which are 15 or more years old. We have been reducing the backlog of boiler replacements each year since 2013; at current levels of investment, all boilers will be less than 15 years old by 2021/22.
- Health and safety: £700k has been allocated to a range of measures which will ensure we meet our regulatory obligations including by removing asbestos, replacing fire alarm systems and improving the safety of communal parts in the event of fire.
- Roofs: we have a small programme of roofs identified by the responsive repairs section as beyond repair and requiring replacement, with a contingency for any further properties arising during the year (£450k in all).
- Windows: £1.85m has been allocated to windows. The recent focus has been on replacing all single-glazed windows with double glazing and we have now met that target. The current focus is on replacing all aluminium windows with uPVC ones. Beyond that, all windows will be less than 30 years old by 2020/21.
- Re-wiring: £1.8m has been allocated to re-wiring to renew systems and make them more appropriate for modern day lifestyles.
- Security measures: a key issue for tenants is security and we have a number of measures to better protect individual homes and blocks of flats from intruders. £350k has been allocated to the installation of door entry systems, and £450k to individual security doors. By the end of 2017/18 all feasible blocks will have a door entry system installed.
- Major adaptations: demand for adaptations arises during the year and is identified by the occupational therapy service. The level of funding (£1m) is based on historical levels of demand.
- Associated in-house costs: £2m has been allocated for in-house staff involved in asset management and planned works contracts. It should be noted that this level will fall to closer to the outturn for 2015/16 (£1.6m) following changes to how we manage contracts and to a business transformation project involving the enhancement of the Apex asset management system.
- Major projects: a number of blocks of flats or estates have been identified for major works in the coming two or three years. We will be undertaking feasibility studies and commissioning surveys where appropriate so that we can develop and cost up programmes of work. We have allowed £750,000 in the current year towards one of these projects.
- Conversions and extensions: each year, we undertake a number of such measures, often to properties requiring structural works, to create large family homes or to convert single to multiple homes, in both cases to help us meet local housing need. There is a separate budget (currently amounting to £400k). We have two properties in this programme which will increase the number of homes from two units to either four or six.

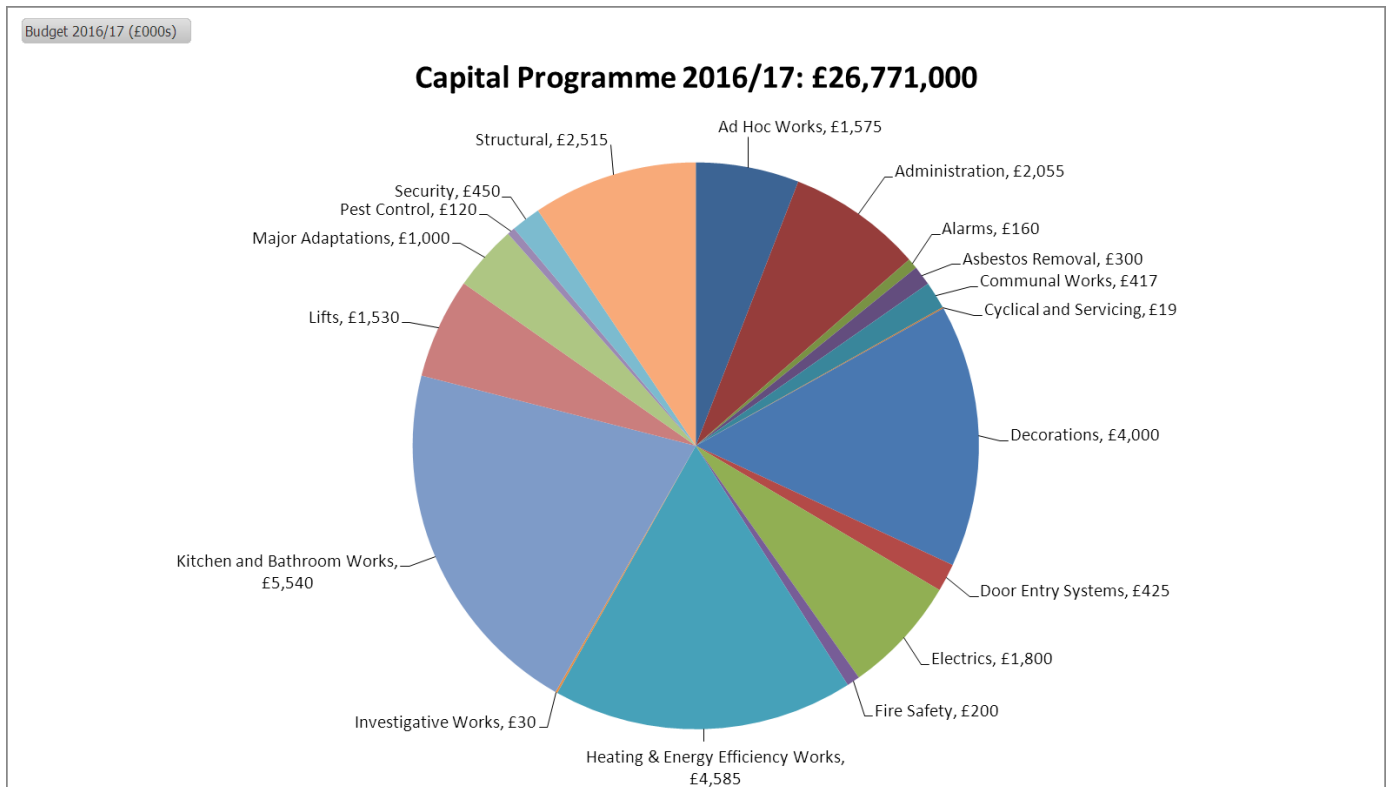
Appendix 1 – the 2016/17 stock investment programme

Work Type	Budget 2016/17 (£000s)	Homes (Blocks)
Ad Hoc Works	£1,575	
Ad Hoc Works - Auckland Road	£360	(1)
Ad Hoc Works - Emergency Lighting	£50	c
Ad Hoc Works - Fire Damage Works	£30	c
Ad Hoc Works - Health & Safety Works	£100	c
Ad Hoc Works - Minor Adaptations - New Tenants	£10	c
Ad Hoc Works - Minor Estate Improvements	£75	c
Ad Hoc Works - Retirement Homes Works	£200	c
Special Project	£750	n/k
Administration	£2,055	
Apex Development	£55	n/a
Support costs (client staffing)	£2,000	n/a
Alarms	£160	
Alarms - Fire Alarm Replacement	£120	c
Alarms - Warden Alarm Replacement	£40	c
Asbestos Removal	£300	
Asbestos Removal & Inspection	£300	c
Communal Works	£417	
Communal Flooring	£367	(19+)
Garages - Demolition	£50	n/a
Cyclical and Servicing	£19	
Cyclical - Inspection & Maintenance of Playgrounds & Equipment	£19	n/a
Decorations	£4,000	
External Decorations	£3,750	(151) 581 houses
Supported Decorations Scheme	£250	c
Door Entry Systems	£425	
Door Entry System	£410	(25)
Door Entry System - PAC Testing	£15	
Electrics	£1,800	
Electrics - Rewiring	£1,800	750
Fire Safety	£200	
Regulatory Reform Order (Fire Safety)	£200	42 blocks
Heating & Energy Efficiency Works	£4,585	
Carbon Monoxide Detectors	£10	c
Communal Boiler Replacement	£150	(2 or 3)
Energy Efficiency Measures	£25	c
Energy Performance Certificates	£50	c
Gas Central Heating - Programmed Replacements	£4,000	1,122
Gas Central Heating - Repairs Replacement	£300	c
Gas Central Heating - Storage to Gas	£30	6

Thermal Imaging	£20	n/a
Investigative Works	£30	
Option Appraisals & Feasibility Studies	£30	n/a
Kitchen and Bathroom Works	£5,540	
Kitchen & Bathroom - Pilot for New Contract	£40	6
Kitchen & Bathrooms - Extensions	£500	(5-10)
Kitchen & Bathrooms - Replacement	£5,000	694
Lifts	£1,530	
Lift - Motor Room Improvement	£30	C
Lift - Refurbishment	£1,500	(15)
Major Adaptations	£1,000	
Major Adaptations	£1,000	c
Pest Control	£120	
Pest Control	£120	(174+)
Security	£450	
Security Door Installation	£450	237
Structural	£2,515	
Roofs	£450	(5) 12
Subsidence	£215	(1) 2
Windows Replacement	£1,850	(34) 277 houses
Grand Total	£26,721	

C: contingency (amount based on previous levels of need arising during the year)

Appendix 2



Appendix 3 – Performance Data

Chart 1: Percentage of properties meeting the decent home standard over time

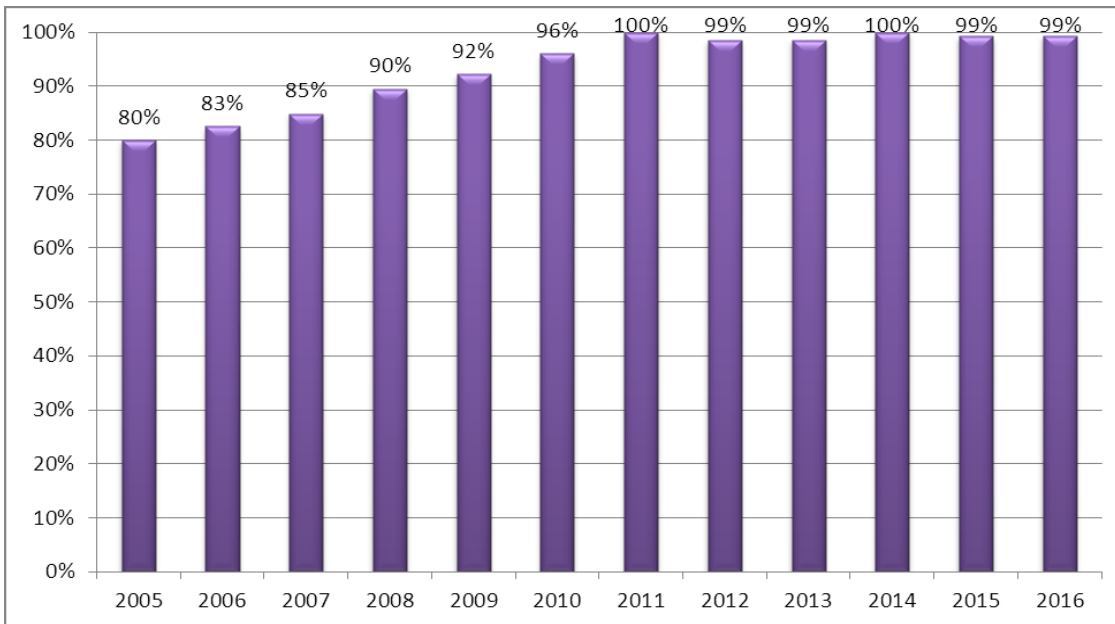
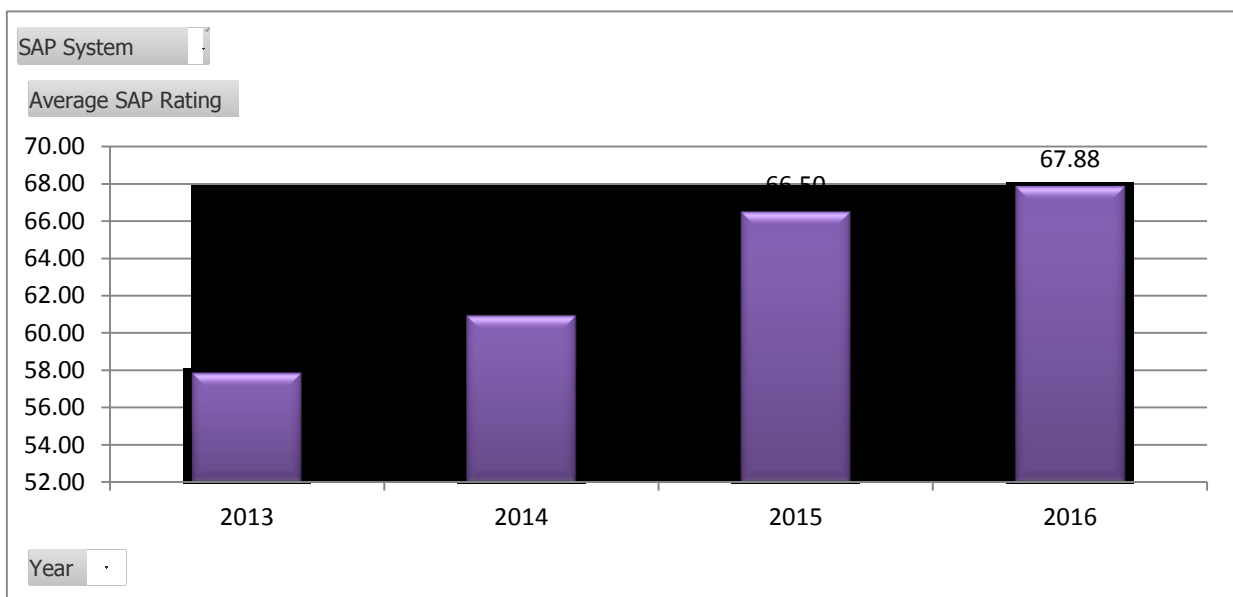


Chart 2: Energy rating of the housing stock



Energy efficiency

Energy performance is measured against the data standard assessment procedure (SAP). The ongoing programme includes a range of measures which improve energy efficiency – replacing older boilers with more efficient ones, topping up loft insulation, cavity wall and solid wall insulation, replacing storage heaters with gas systems, double-glazing and new doors with a better thermal performance etc. The 2015 figure compares well with the national social housing average of 62.9.