

13 February 2013		ITEM: 20 01104191
Cabinet		
HOUSING CAPITAL PROGRAMME – FIVE YEAR PROGRAMME OF CAPITAL INVESTMENT		
Report of: Councillor Val Morris-Cook, Portfolio-Holder Housing		
Wards and communities affected: All	Key Decision: Key	
Accountable Head of Service: Kathryn Adedeji, Client Contract Manager		
Accountable Director: Barbara Brownlee, Director of Housing		
This report is Public, apart from the appendices which are exempt due to information relating to the financial or business affairs of any particular person (including the authority holding that information).		
<i>If the report, or a part of this, has been classified as being either confidential or exempt by reference to the descriptions in Schedule 12A of the Local Government Act 1972, it is hereby marked as being not for publication. The press and public are likely to be excluded from the meeting during consideration of any confidential or exempt items of business to which the report relates.</i>		
Date of notice given of exempt or confidential report: 29 January 2013		
Purpose of Report: To agree outline indicative five year Housing Capital Programme.		

EXECUTIVE SUMMARY

This report seeks approval for an outline five year housing capital investment programme, the indicative programme has been constructed using the principles agreed by cabinet on the 16th January 2013.

The report provides an overview of the proposed estimated packages of works that will take place in each street, estate, and area, together with associated costs. The indicative costs required to deliver this programme were set out in HRA base estimates report approved by cabinet on the 16th January.

1. RECOMMENDATIONS:

- 1.1 To approve the outline indicative five year Housing capital programme for existing housing detailed in the report and in Appendix 1. The indicative programme has been developed based on principles approved by cabinet on 16th January.**
- 1.2 To approve proceeding to tender for specialist strategic consultants (services contract) to support the implementation of the programme, as set out in Appendix 2 commissioning report.**
- 1.3 To delegate authority to award both services and works contracts associated with this programme to the Director of Housing in consultation with the portfolio holder for Housing.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 On January 16th Cabinet approved a more strategic approach to investment in the Council's housing stock. The new approach is based on an improved standard for homes in Thurrock and a new set of principles for use in determining the prioritisation for moving homes to this new standard.
- 2.2 The report provided an outline of the age profile of components within council owned stock, based on data held in council's asset management database. This showed that council homes have a heavily ageing profile across the majority of components. Maps provided in appendix three show the average age profile of kitchens and bathrooms by area.
- 2.3 The investment approach agreed will be undertaken within the wider context of development within the borough including; growth areas ensuring key investment programmes are analysed to explore potential synergies and to produce potentially greater financial efficiencies where possible.
- 2.4 Where refurbishment is identified as the best solution, homes will be improved to the new housing standard. The new standard aims to maximise energy efficiency of homes, minimise damp and mould, and use the triggers outlined below as the threshold at which replacement for elements should take place:
 - Kitchens over 20 years
 - Bathrooms over 30 years
 - Boilers over 15 years
 - Electrics over 25 years
 - Windows over 30 years or single glazed
 - Roofs over 40 or 50 years as applicable
- 2.5 The new standard and move to a strategic investment approach is required to maximise return on investment made in housing as an asset and a home. The estimated funding requirement of 68M is predicated on procuring contracts

more strategically to obtain improved prices to those currently paid through existing contracts.

- 2.6 The increased volumes of work offered to the market through this programme will provide a degree of leverage in purchasing power, and other delivery efficiencies that will ensure improved value. It will also allow for the first time, the council to place a stronger requirement on contractors working on this programme to deliver local benefits in the areas of jobs, apprenticeships, training and other community benefits.
- 2.7 Maximising return on investment is also about the provision of highest quality homes, to the greatest number of residents in Council owned properties. To achieve this, value for money is essential. The investment approach required will amongst other benefits, result in a shift from the current disproportionate comparatively inefficient spend on demand led responsive repairs to increased more efficient spend on strategic capital investment and proactive planned maintenance.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 An option of increased age, acting as a trigger at which to assess the need for investment was outlined in the cabinet report of 16th January. This was broadly in line with the current standard and was not chosen. This option was likely to have resulted in the Council being required to spend more money over the medium term to achieve at best the same quality outcomes.
- 3.2 Outlined in the table below is the level of investment that would have been necessary if this option had been chosen. This would only have allowed the borough to target homes where single or multiple components were estimated to have reached disrepair age triggers.

Table One - Minimum investment required over 5years to maintain current standards

Category	Type of works	Funding	Expected costs
Thermal efficiency measures	Loft and cavity wall insulation	ECO	NIL
	External wall insulation		NIL
	Boiler and Heating systems		6M
Internal works	Kitchen and Bathrooms		24M
	Electrical works		3M
External works	Roofs		3M
	Windows		4M
	Doors		1M
Total			41M

- 3.3 Implementing this option would only have changed the approach to the delivery of the Housing capital programme. Shifting the imbalance between planned capital investment, which by design is more efficient from less efficient and effective response maintenance is only achievable by changing

the standard and the approach to the construction and delivery of housing capital investment.

Outline five year programme

3.4 The outline five year programme has been constructed based on the standard and principles (outline below) approved by cabinet on 16th January. To support this, a new revised risk based delivery approach has been established to determine the prioritisation of homes, estates and areas within the indicative five year programme.

- Levels of disrepair, and energy inefficiency
- Repairs and maintenance demand
- Age of stock and different elements within homes
- Household need
- Desirability of homes.
- Geography
- Proximity to proposed new build
- Potential for wholesale regeneration schemes

3.5 A summary of the split of areas by year and number of properties estimated to have works is outlined in table two and three below. As the programme is primarily based on data held in asset management database, it will remain subject to change.

Table two – Number of Properties by area

	YR1	YR2	YR3	YR4	YR5	Total Properties
Aveley			159	584		743
Bulphan					4	4
Chadwell St Mary				1404		1404
Corringham	147				380	527
East Tilbury				77		77
Fobbing	8					8
Grays	925				1333	2258
Horndon On The Hill				41		41
Linford					3	3
North Stifford			8			8
Orsett					71	71
Purfleet			388			388
South Ockendon		1041	1387			2428
Stanford Le Hope				399		399
Tilbury	851	902				1753
West Thurrock			1		203	204
Grand Total	1931	1943	1943	2505	1994	10316

Table Two – Areas and Estates by estimated year

YEAR	13/14	14/15	15/16	16/17	17/18
AREA/ ESTATE	TILBURY FOBBING GRAYS CRUX BLACKSHOTS SEABROOKE RISE GRAY'S HIGH RISES	CHADWELL TILBURY SOUTH OCKENDON WELLINGTON BROADWAY CHADWELL HIGH RISES	SOUTH OCKENDON PURFLEET STIFFORD HORDON EAST TILBURY THE GREENS FLOWERS BROXBURN GARRISON	AVELEY CHADWELL KENNINGTON USK	CORRINGHAM GRAYS LINFORD BULPHAN W.THURROCK SHELL THE AVENUES GRAY'S HIGH RISES
Rationale for current placement	Green funding exemplar scheme. Highest roofing and rewiring works. Proximity to new development	Substantial possible HHSRS failure risk. High repairs demand. High roofing works.	Pockets of high repairs demand, substantial damp and mould issues	Comparatively low repairs demand Lower age profile of key components	Comparatively low repairs demand and requirement for Roof or window replacement
COSTS	14M	14M	13M	14M	13M

Issues

3.6 Several other factors listed below may result in significant changes to the prioritisation of areas and properties within the outline five year programme.

- Outcome of green study and external funding opportunities
- Outcome of detailed stock condition survey
- Diagnostics from Property MOT and cost efficiency
- Improvements in customer information regarding vulnerability
- Wider regeneration programme.

3.7 Housing has commissioned a green study to evaluate the best type of energy efficiencies measures applicable to maximise the energy efficiency of the range of different stock archetypes. These range from non-traditional housing - to homes made of solid wall, which are comparatively expensive to make energy efficient. The outcome of the study will be integrated into the five year programme and may determine reprioritisation of the least energy inefficient homes.

3.8 Where an estate or street has risks, but is currently estimated to be done in the latter years of the programme, then relevant properties in this area will be subject to a Property MOT under the new responsive repairs contract. The MOT is being introduced as a diagnostic tool to proactively manage responsive repairs demand. Should the MOT determine comprehensive

works are required sooner than outlined in the capital programme; these properties may be brought forward.

- 3.9 Should the outcome of stock condition survey show significant variance from information held on the database, and demonstrate that actual condition of a property or block is substantially worse it may necessitate moving blocks, streets, or individual homes to earlier year.
- 3.10 The following streets and estates are in the process of being re-evaluated based on further condition survey and information from local area managers. This re-evaluation will be undertaken within the context of all agreed principles, and may result in the re- prioritisation of the following estates to earlier years within the programme.
- Flowers – YR3
 - Garrison – YR3
 - Coronation Ave
 - Clayburn Gardens
- 3.11 The programme proposed is designed to ensure the borough is able to deliver on its strategic objectives to provide housing that is both sufficient in quantity and decent in quality in the most cost effective and efficient way.

Funding & Procurement

- 3.12 Cost estimates for the indicative five year programme are detailed in Appendix one. The estimates are in line with the provision made in HRA base estimates report of 16th January 2013.
- 3.13 Cabinet gave approval on 16th January to proceed to tender via two different procurement routes for contractors to deliver the works associated with this programme, these are, the use of pre-tendered frameworks and via a new Thurrock framework agreement estimated to be established in time for year two of the five year programme.
- 3.14 This report now seeks approval to proceed to tender for specialists' consultancy services as set out in the commissioning report in Appendix two. These services are proposed to be appointed to delivery strategic cost and programme management and to ensure that this ambitious programme is implemented with appropriate governance of both the programme delivery and costs.

4. REASONS FOR RECOMMENDATION:

- 4.1 The aim of the Housing Capital Investment Programme is to improve the living conditions and the physical environment for tenants. The application of the principles and procurement approach outlined below are designed to ensure the borough is able to deliver on its strategic objectives of aiming to provide housing that is both sufficient in quantity and decent in quality in the most cost effective and efficient way.

- 4.2 The programme will significantly improve the quality of life for many of our residents and has prioritised homes in greatest need of investment based on geographic efficiency as outlined in Appendix four.
- 4.3 The five year programme will ensure that the capital investment made will significantly reduce the repair and maintenance demands on the Council in the longer term as it involves an ‘intelligent’ use of resources designed to maximise efficiency of investment in the asset and improve the quality of homes for residents.

5. CONSULTATION

- 5.1 The indicative programme is scheduled to be discussed at Housing Overview and Scrutiny committee in February 2013.
- 5.2 The improved Thurrock standard for existing homes has been discussed with the residents rent review panel held on 10th January 2013 and is scheduled to be reviewed alongside the indicative programme with the new investment forums, the first of which is scheduled for January 31st.
- 5.3 Residents are also in the process of being consulted, through the Residents’ Excellence Panel, alongside the new investment forums. Feedback from these meetings will be considered and may result in changes to the prioritisation of blocks or streets, when reviewed within the context of other principles.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The improvement of housing in Thurrock is linked to two key corporate priorities in Thurrock:
- 6.1.1 **To: Build pride, responsibility and respect to create safer communities. In particular this programme proposes to:**
- Involve communities in shaping where they live and their quality of life
 - Reduce crime, anti-social behaviour and safeguard the vulnerable.
- 6.1.2 **And: Improve health and well-being:**
- Ensure people stay healthy longer, adding years to life and life to years
 - Reduce inequalities in health and well-being

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Mike Jones**
 Telephone and email: **01375 652772**
mxjones@thurrock.gov.uk

The estimate cost of Capital works in relation to existing stock is £68m over the next five years. This is to be funded through a combination of the Major Repairs Reserve, the Major Repairs allowance and revenue funding to Capital.

The funding is detailed within the HRA Base Estimates report to Cabinet 16 January 2013.

7.2 Legal

Implications verified by: **Wade Turner**
 Telephone and email: **01375 652938**
Wade.turner@bdtlegal.org.uk

The works described within this report are classified as works under Schedule 2 of the Public Contract Regulations 2006 (as amended), are over the EU threshold value (or are likely to be over the same) and therefore will attract the provisions of the EU procurement regulations and be subject to full EU-wide tendering as well as triggering the Council's own requirements for competitive tendering.

The Council will need to ensure that a compliant tendering process is conducted that complies with the Public Contract Regulations 2006 (as amended), the EU regulations and the Council's constitution, however, a move towards strategic investment and five year planning will greatly improve the Council's approach to and compliance with these legislative requirements.

Legal Services, working with the Council's procurement officers will provide ongoing advice and assistance in relation to these legislative requirements.

7.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
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sdealyn@thurrock.gov.uk

The programme principles take into account the ability to change prioritisation of properties should household need or vulnerability of a given resident determines it is required. The diversity considerations will include adherence to the relevant 'Equality' Codes of Practice on Procurement. These require consideration of the equality arrangements of all companies bidding for any capital contract; that they have relevant policies on equal opportunities and are

able to demonstrate a commitment to equality and diversity. These arrangements will also be subject to a full review as part of the contract management of the Housing capital programme.

7.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

n/a

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- Cabinet report on Housing Capital Programme – Principles for establishing a five year rolling programme – 16th January 2013.
- HRA Base Estimates report - 16th January 2013.

APPENDICES TO THIS REPORT:

- Appendix 1 – Detailed outline of five year programme with associated map
- Appendix 2 – Exempt
- Appendix 3 – Maps of current average age of components by area
- Appendix 4 – Outline indicative five year programme by spend

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