

<b>Committees:</b>	<b>Dates:</b>
Housing Management and Almshouses Sub Committee Projects Sub Committee	10 July 2014 22 July 2014
<b>Subject:</b> Decent Homes works to properties previously omitted from programmes - Gateway 3/4 Options Appraisal	<b>Public</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Decision</b>

### Summary

#### Dashboard

Project Status	<b>Green</b>
Time Line	Gateway 3-4 – July 2014. Gateway 5 – August/September 2014. Works/Gateway 6 reports – dependent upon option selected Works completion/Gateway 7 – April 2017
Programme status	Pending Approval of Gateway 3-4 Options Appraisal.
Approved works budget	£400,000
Latest estimated cost of works	£500,000
Expenditure to date	£1000 - staff costs to carry out surveys

#### **Progress to date (including resources expended and any changes since previous gateway)**

##### **Governance**

Governance: The project will be monitored by the Housing Programme Board, which is Chaired by the Director of Community and Children's Services and includes representatives from the Departments of Community and Children's Services, the Built Environment, Chamberlains, City Surveyor's, Comptroller and City Solicitors.

##### **Resources Expended**

£1000 has been spent on staff costs in surveying and procuring schedules of rates.

##### **Change since previous Gateway – Budget Increase Recommendation**

In the previous report, it was identified that an average of 14 properties per financial year were identified and had works carried out as callbacks. In 2013/14 only 3 properties had such works carried out. There are currently 28 properties that are identified as requiring works and have been pending the commencement of this project.

Since the previous gateway report, 5 properties have had Decent Homes works carried out reactively at a total cost of £19,161.77. These have included one requiring central heating refurbishment at a cost of £782 and 4 kitchen replacements at an average cost of £4595.09 per kitchen.

12 properties have already been surveyed for works to take place once this project receives formal authority to start works. Of those 12, 11 require new kitchens (estimated at £5000 each), 5 require new bathrooms (estimated at £3000 each) and 4 require central heating system upgrades (estimated at £3000 each). Total estimated cost for already surveyed properties: £82,000. There are a further 16 properties awaiting surveys. And it is anticipated that there will be further properties identified throughout 2014-17.

Owing to the numbers already identified, and considering the budget is intended to cover any required Decent Homes works until March 2017, it is recommended that the budget is increased by £100,000 to £500,000.

### Overview of options

There are two potential options. Both involve doing the works subject to the budget cap of £500,000. Option 1 is phased by financial year. Option 2 completes works as required throughout the 3 financial years.

### Proposed way forward and summary of recommended option

Both options are subject to a schedule of rates and the capped budget. The Asset Management team have full control of the budget and can stop any further works once the budget cap is reached. The recommended option is Option 2 as this offers the most reactive method of delivering these necessary works. This will enable the team to address works immediately – this is particularly important for void properties, owing to the need to minimise the amount of time the property is empty to keep rental loss low.

### Procurement approach

Three quotes for schedules of rates have been sought from contractors known for their ability to complete these types of work. At Gateway 5, the best-value contractor will be appointed for the duration of the works.

### Financial implications

Description	Option 1 £	Option 2 £
Works Costs	£495,000	£495,000
Fees	N/A	N/A
Staff Costs	£5000	£5000
<b>Total</b>	<b>£500,000</b>	<b>£500,000</b>
<b>Funding Strategy</b>		
Source	Housing Revenue Account (HRA)	Housing Revenue Account (HRA)
<b>Total Funding Requirement</b>	<b>£500,000</b>	<b>£500,000</b>

### Recommendations

The following approvals are sought:

- Approval to proceed to Gateway 5 with Option 2.
- Approval of the budget of £500,000 from the Housing Revenue Account (HRA).

### Appendices

<b>Appendix 1</b>	Gateway 1/2 Project Proposal Report
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### Contact

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## Options Appraisal Matrix

<b>Option</b>	<b>Financial Year Phases</b>	<b>Schedule of Rates – No Phases</b>
<b>1. Brief description</b>	Dividing the £500,000 budget into 3 financial year phases and proceeding with the works that arise in each year.	Proceeding with the works that arise, as and when identified up to the budget cap of £500,000 over the 3 years.
<b>2. Scope and Exclusions</b>	Scope: the project will apply to any properties within the City's social housing stock that require this type of works. Exclusions: Avondale, Holloway and William Blake Estates where a full Decent Homes programme will shortly commence.	
<b>Project Planning</b>		
<b>3. Programme and key dates</b>	Gateway 3-4 – July 2014. Gateway 5 – August/September 2014. Works – programmed by financial year. Gateway 6 reports – annually in April of 2015 and 2016. Gateway 7 – April 2017.	Gateway 3-4 – July 2014. Gateway 5 – August/September 2014. Works – as necessary through 2014-17 Gateway 6 reports – as necessary through 2014-2017. Gateway 7 – April 2017.
<b>4. Risk Implications</b>	Medium. There is a risk of delay to necessary works in void properties owing to the need to secure approval in each financial year causing rental loss.	Low. The works are carried out reactively, scope of the works is known, the budget is capped, and should any additional works be required, they would be funded from the reactive repairs budget.
<b>5. Benefits and disbenefits</b>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>Committee will receive a request to release the funds on a financial year basis.</li> </ul> <p><b>Disbenefits</b></p> <ul style="list-style-type: none"> <li>Where works are required towards the end of a financial year, they may not be able to be completed until a further report has been approved.</li> </ul>	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>The works can be delivered in a more reactive way as they are needed. This meets the needs of the department for example, in responding to voids.</li> <li>Once the total budget cap is reached, no further works will be completed.</li> </ul>
<b>6. Stakeholders and consultees</b>	<ul style="list-style-type: none"> <li>Members</li> <li>Officers (including representatives from City Surveyors, Community and Children's Services and Town Clerk's.</li> <li>Residents of the properties where the works are required.</li> </ul>	
<b>Resource Implications</b>		
<b>7. Total Estimated Cost</b>	£500,000.	
	£166,000 (a third of the total) will be allocated each year with a tolerance of 10% in Years 1 and 2. This tolerance	No phasing required. The project will commence with a schedule of rates and works will be completed as required until the cap is

<b>Option</b>	<b>Financial Year Phases</b>	<b>Schedule of Rates – No Phases</b>		
	would be offset, if needed, by a lower budget in Year 3.	reached.		
<b>8. Funding strategy</b>	Housing Revenue Account (HRA).			
<b>9. Ongoing revenue implications</b>	There will be no increase in ongoing revenue requirements. The replaced kitchens, bathrooms and central heating systems will fall within the scope of the current maintenance contracts operated by the department.			
<b>10. Affordability</b>	The works form part of the planned works of the department through the 5 and 30 year Asset Management Plans.			
<b>11. Procurement strategy</b>	Quotes for schedules of rates have been sought from 3 contractors who are capable of carrying out this type of work. These schedules of rates will be used as a basis for the costs, with acknowledgement of some variance dependent upon works required.			
<b>12. Legal implications</b>	None.			
<b>13. Corporate property implications</b>	None.			
<b>14. Sustainability and energy implications</b>	The replacement of heating systems within individual properties will improve the energy efficiency and thermal comfort of those properties. The data will be modelled to assess whether the overall stock SAP rating is improved by these installations.			
<b>15. IS implications</b>	None.			
<b>16. Recommendation</b>	Not recommended.		Recommended.	
<b>17. Next Gateway</b>	Gateway 5.			
<b>18. Resource requirements to reach next Gateway</b>	<b>Item</b>	<b>Reason</b>	<b>Cost (£)</b>	<b>Funding Source</b>
	Staff time – 5 days	Completion of Procurement	£500	Local Risk