

Committees:	Dates:	
Housing Management & Almshouses Sub Committee Projects Sub	16 May 2017 10 May 2017	
Subject: Decent Homes works to properties previously omitted from programmes (Call-backs 2017-2020)	Gateway 3/4 Options Appraisal(Regular)	Public
Report of: Director of Community & Children's Services Report Author: David Downing	For Decision	

Summary

Project status	Green
Project risk	Green - Low
Timeline	Procurement – to July 2017 Gateway 5 / Authority to Commence Works – July 2017 Contractor Appointed – August 2017 Works Start – September 2017
Programme status	Pending Approval of Gateway 3/4 – Options Appraisal
Latest estimated cost of works	£500,000
Expenditure to date	Staff Costs £1,000
Total estimated project cost	£575,000

Progress to Date (including resources expended and any changes since previous Gateway)

Programmes of work to bring the majority of properties of the City of London's housing stock up to the Decent Homes standard have now been carried out or are in process, however with each programme a number of properties are necessarily omitted (as they may meet the standard at the time or the works may be refused by the tenant in occupation). Over time, as previously acceptable components fail or when properties where works were refused fall vacant, the City is required to carry out works to bring these properties back to the Decent Homes standard between large scale programmes of work. This is known as a 'call-back'. A desktop exercise has now been completed and has confirmed that call-backs are typically required for up to 15 properties per year at an average cost of £11,000 per property (although range of spend per property will likely vary considerably depending on extent of works required). A budget cap of £500,000 has

been identified as sufficient to cover Decent Homes call-backs for a three year period.

Period	Properties	Estimated Cost
Year 1	15	£165,000
Year 2	15	£165,000
Year 3	15	£165,000
Total	45	£495,000
Total (after rounding)	45	£500,000

Expenditure to date is limited to an estimated £1,000 in staff costs only.

Overview of Options

There is only one practicable option for this project – to maximise cost efficiencies and maintain consistency in the standard and specification of domestic components, a fixed budget term contract comprised of an agreed schedule of rates is desirable to carry out the call-backs. This approach has worked well in the recent past. The existing three year contract for Decent Homes call-backs let on this basis successfully concluded in April 2017. The alternative, specifying, procuring and delivering works to individual properties on an ad hoc basis when they become unrepairable is not recommended as it is poor practice, will not offer any cost savings through economies of scale and therefore will not be considered further. Doing nothing is not a valid option as these works are considered statutory.

Proposed Way Forward

The proposed way forward is to proceed with the sole option as described above.

Procurement Approach

The department holds a specification for Decent Homes works which has been recently refined to incorporate lessons learned from previous projects. This will be edited further to reflect any local differences that may be found. City Procurement have recommended that these works are procured via a below OJEU open tender advertised on Capital eSourcing.

Table with Financial Implications

Description	Option 1
Works Costs	£500,000
Fees & Staff Costs	£75,000
Total	£575,000
Funding Strategy	Housing Revenue Account (HRA)

Recommendations

1. That Option 1 is approved for proceeding to Procurement and Gateway 5.
2. That the estimated total project budget of £575,000 is noted.
3. That a budget of £5,000 is approved to reach the next Gateway.

Options Appraisal Matrix

See attached.

Appendices

Appendix 1	PT 4 Procurement form
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Contact

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Options Appraisal Matrix

	<i>Option 1</i>
1. Brief description	Procure a contractor on a three year term contract to supply and install - at a fixed price via a schedule of rates - kitchen, bathroom and central heating facilities to City of London tenanted properties to bring them up to Decent Homes standards as and when required by the City.
2. Scope and exclusions	<p>Scope:</p> <p>The project will apply to any tenanted properties within the City's social housing stock that require this type of works.</p> <p>Exclusions:</p> <p>Properties already meeting the Decent Homes standards and properties requiring works where those works can be incorporated within a large scale programmed replacement without undue delay. Properties that are rented to leaseholders on long-lease agreements.</p>
<i>Project Planning</i>	
3. Programme and key dates	<p>Procurement – to July 2017</p> <p>Gateway 5 / Authority to Commence Works – July 2017</p> <p>Contractor Appointed – August 2017</p> <p>Works Start – September 2017</p> <p>Contract End – August 2020</p>

	<i>Option 1</i>
4. Risk implications	<p>Low overall risk.</p> <ul style="list-style-type: none"> • The works are carried out as required, at a fixed price, on instruction from the City, within a capped budget. • This approach has worked well in the recent past. The previous three year contract for Decent Homes call-backs successfully concluded April 2017.
5. Benefits and disbenefits	<ul style="list-style-type: none"> • Works can be delivered as and when required. This meets the needs of the department for example, in responding to the need to bring newly void properties back up to standard ahead of letting to a new tenant. • Working with fixed prices within a capped budget brings a firm level of financial control.
6. Stakeholders and consultees	<ul style="list-style-type: none"> • Members and Ward Members. • Officers including City Surveyors, Chamberlain's, Housing and Neighbourhood Management and Town Clerk's. • Residents of the relevant properties.
<i>Resource Implications</i>	
7. Total Estimated cost	£575,000
8. Funding strategy	The works will be funded by the Housing Revenue Account (HRA)
9. Estimated capital value/return	N/A.

	<i>Option 1</i>
10. Ongoing revenue implications	Following the completion of the project and any warranty period, the installations will be maintained through the existing reactive repairs and maintenance contract. All properties are currently included in this reactive contract; therefore there will be no cost increase to the contract.
11. Investment appraisal	Timely intervention and replacement reduces spend on reactive repairs and maintenance as unexpected failures occur less frequently.
12. Affordability	These works are a necessary part of rolling maintenance of the City of London Corporation's Housing stock. The works have been anticipated and budgeted for in the 5 and 30 year Asset Management Plans.
13. Legal implications	Failure to maintain homes to the required standard has scope for legal challenge.
14. Corporate property implications	It is important that the City's assets remain in good, safe and statutory compliant condition. Therefore all necessary action should be taken to ensure that assets are kept as such throughout the assets' lifetime.
15. Traffic implications	The detail of the traffic plan for the installation phase will be agreed with the successful contractor; however works are not anticipated to disrupt traffic.
16. Sustainability and energy implications	The installation of new central heating systems will offer improvements in energy efficiency and sustainability which may be sufficient to demonstrate an improvement in the overall SAP rating of the City's housing stock.
17. IS implications	N/A.

	Option 1			
18. Equality Impact Assessment	The proposed works will not have an impact on equality or protected characteristics. The delivery phase of the works will be carefully planned and implemented in conjunction with residents to ensure no adverse impacts.			
19. Recommendation	Recommended			
20. Next Gateway	Gateway 5 - Authority to Start Work			
21. Resource requirements to reach next Gateway	Item	Reason	Cost (£)	Funding Source
	Staff Costs	Refining specification, undertaking tender process, completing the contract letting and pre-start processes.	£5,000	HRA