

Committee(s): Housing Management and Almshouses Sub (Community and Children's Services) Committee	Dated: 26/05/2022
Subject: Housing Major Works Programme – Progress Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 2, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Director of Community and Children's Services	For Information
Report authors: Paul Murtagh Assistant Director Barbican & Property Services	

Summary

The purpose of this report is to update Members on the progress that has been made with the Housing Major Works Programme and to advise Members on issues affecting progress on individual schemes.

Recommendation

Members are asked to note the report.

Main Report

Background

1. At its meeting on 27 November 2017, the Housing Management & Almshouses Sub-Committee received a presentation from officers in Housing Property Services on the scope of, and progress with, the Housing Major Works Programme. Members subsequently agreed that it would be useful if further updates and progress reports be brought to future meetings of this Sub-Committee.
2. The first update and progress report was presented to this Sub-Committee at its meeting on 12 February 2018. This latest update report highlights specific areas of 'slippage' or 'acceleration' since the last meeting of the Sub-Committee on 14 January 2022 as well as, progress against the programme as originally reported in November 2017.

3. In line with a request from Members and, as subsequently agreed by the Community & Children's Services Committee (C&CS Committee), this report has been expanded to include information relating to Phase 2 of the Housing Major Works Programme (Future Programme).

Considerations

4. The City of London Corporation (City Corporation) is committed to investing around £95million on a Major Works Programme for the maintenance, refurbishment and improvement of its social housing portfolio. The works, in the main comprise:
 - Window replacements;
 - Re-roofing;
 - Decent Homes (new kitchens and bathrooms);
 - Electrical rewiring and upgrades;
 - Heating replacements;
 - Concrete repairs;
 - Fire safety improvement works.
5. The funding for these extensive works, which is intended to bring all the City Corporation's social housing stock up to, and beyond, the Decent Homes Standard, comes from the Housing Revenue Account (HRA), which is ring-fenced solely for housing. The HRA is made up of:
 - Income from rents;
 - Income from service charges.
6. The Housing Major Works Programme was originally intended to be a 5-year programme however, the size and complexity of some of the projects included, along with initial staff resourcing issues, has meant that it is more likely to take 7 or 8 years to complete.
7. The Housing Major Works Programme is monitored and managed at several levels both corporately and within the department. This includes:
 - Gateway Process;
 - Community & Children's Services Committee (C&CS);
 - Projects Sub-Committee;
 - Housing Management & Almshouses Sub-Committee;
 - Housing Programme Board.
8. The Housing Programme Board (HPB) is a cross-departmental group, chaired by the Director of Community & Children's Services and comprising senior officers from:
 - Housing Management;
 - Housing Property Services;
 - City Surveyors;
 - Planning;

- Finance;
- Town Clerks;
- City Procurement.

9. For the purpose of the HPB, officers have developed detailed report templates that show progress of the various works programmes, and these are analysed and discussed monthly. At its meeting on 27 November 2017, following a presentation from officers in Housing Property Services on the scope of, and progress with the Housing Major Works Programme, Members agreed that a simplified version of the progress reports be brought to future meetings of this Sub-Committee.
10. Attached at Appendix 1 to this report, for Members' consideration, is the latest version of the progress report for the Housing Major Works Improvement Programme. This progress report was submitted and approved by the HPB at its meeting on 28 April 2022.
11. Following recent requests from Members, projects that have been added to the original five-year Housing Major Works Programme over the last few years have been highlighted in this latest progress report. This helps to demonstrate the extent as to which the scope of the five-year Housing Major Works Programme has increased since its inception. Members will note from the latest progress report that the value of these additional projects is approximately £23.4million (a 43% increase in the cost of the original programme).
12. In line with a request from Members and, as subsequently agreed by the C&CS Committee, attached to this report as Appendix 2 is Phase 2 of the Housing Major Works Programme (Future Programme). The format of Phase 2 has been designed to reflect the following:
 - a new, revised five-year programme with the dates reset to the start of the 2022/23 financial year.
 - the carryover and incorporation of projects from the original five-year Major Works Programme that will be incomplete by the beginning of the 2022/23 financial year.
 - the omission of all projects on the original five-year Major Works Programme that were substantially completed before the beginning of the 2022/23 financial year.
13. As members will see from the 'Future Programme' at Appendix 2, there are nearly £30million of new projects that are currently '**unfunded**'. These projects comprise works identified in the Savills Stock Condition Survey (2018) and, projects that have been identified as a result of further surveys and testing works carried out as part of the current Major Works Programme. Although, the Future Programme does set out the projected delivery timescales for these new works, these timescales are entirely dependent on the availability of additional/new funding to finance them.
14. Due to the significant pressures on the HRA, officers have been liaising with the Chamberlain to reassess the affordability of the current Major Works Programme (Phase 1). The outcome of these discussions is that we will likely have at least a

'two-year' break between the completion of Phase 1 and, the commencement of Phase 2 of the Major Works Programme as a result of the following:

- significant increases in the forecasted cost of projects included in the Major Works Programme (Phase 1) which mainly, relate specifically to the Window Replacement Programme.
- a significant increase in the number and cost of projects in the current Major Works Programme including, roof replacements and fire safety related projects.
- a delay in the completion of our new housing delivery projects (COLPAI and Sydenham Hill), the rental income from which, is used to fund future major works projects.
- an increase in the cost of delivering the new housing delivery projects which, has an impact on the Corporation's ability to borrow money for its major works projects.

15. Although, the Future Programme does include some provision for 'Net Zero Pilots' across all our social housing estates, Members are reminded that no provision has been made for any future Net Zero Capital Projects. The reason for this, as Members will be aware, is that these projects are largely unknown and, will only emerge over the next few years, as further research, surveys, and investigations are completed in line with the Housing Net Zero Action Plan. It is likely that Housing Net Zero Capital Projects will be funded from a combination of external grant funding and the City Corporation's Climate Action Strategy Budget.

16. Members will note from the progress report at Appendix 1 that overall, there has been no significant change to the status of the various projects since the last meeting of this Sub-Committee. Members are asked to specifically note the following updates:

Slippage in relation to timing of contract

Nothing substantial to report at this time.

Progress of note on key projects

H39 – Window Replacement and External Redecorations (Multiple Estates)

Dron House – the Window Replacement Programme is now complete across the whole of Dron House.

Sydenham Hill – contracts are being exchanged with the successful contractor, ETEC Contract Services Limited. We currently expect the contractor will begin the on-site mobilisation at the end of May. Allowing for the lead-in times for measurement, materials, manufacture etc, works to replace the aluminium windows will likely commence in July and, works to replace the Crittall windows will likely commence in October.

Holloway Estate – the Gateway 5 report was approved by the C&CS Committee in April and, under Urgency, by the Projects Sub Committee. We are currently

working with our colleagues in Legal and Procurement to finalise the contract award to Mulalley. Assuming there are no delays in exchanging contracts, we expect Mulalley to commence its on-site mobilisation in June.

Windsor House, William Blake Estate and Southwark Estates – we have recently completed the final pricing evaluations as part of the procurement process and, the Gateway 5 reports are being prepared for submission to the respective Committees in June.

H40 – Golden Lane Estate Window Refurbishment/Replacement

An application for planning permission for a pilot project at 347 Crescent House was submitted on 25 April 2022. Once validated, residents will be advised of the application reference number and how to make comments by letter and via the project website.

AECOM will be carrying out acoustic testing in the pilot project unit and on the external façade of Crescent House over the next few weeks. Residents across the estate will be advised when the testing commences and where the units will be sited.

The first Residents' Liaison Group (RLG) for Crescent House took place on Monday 4 April. Seven residents attended in person and one, via zoom link. Minutes from the meeting are available on the project website. Once the next stage of the consultation for Crescent House has been completed, the Project Team will then be taking a similar approach on all the other blocks across the Golden Lane Estate (GLE). The first project specific project newsletter was distributed estate wide to all residents on the GLE at the end of March. Copies of the newsletter are also available in the GLE Community Centre and on the project website at www.goldenlanewindows.site. Design work for other blocks on the GLE continues to be developed.

H45 – York Way Estate Communal Heating Replacement

The work on site is progressing well with positive feedback from those residents affected by the works. An Issues Report was approved by the C&CS Committee at its meeting on 25 April to an increase in the estimated cost of the project of £300,000. This increase is attributed to material and labour shortages, delays caused by the pandemic, prolongation costs, BREXIT etc. In addition, we have seen a huge increase in the cost of labour and raw materials that simply cannot be contained within existing contract sums.

H46 - Middlesex Street Estate Communal Heating

Unfortunately, this project remains on hold as, a very small number of residents have objected to our planning proposal for the finishes to the external facade. It is now likely that the planning application will go to the full Planning Committee for decision once, we are able to secure a date.

H54 – Fire Door Replacement Programme (Multiple Estates)

Holloway and York Way Estates (Lot 1) – work is underway and, is progressing very well on the York Way Estate. Work will commence on the Holloway Estate immediately upon completion of the York Way Estate.

Avondale Square Estate (Lot 2) – tender documents have been issued to Gerda, the Corporation's preferred supplier, via the Hyde Fire Safety Framework. Gerda will be commencing the on-site measured surveys in the next few weeks. These will be used to agree the contract value for the works.

17. As Members will appreciate, there will always be problems with contracts and projects such as those contained within the Housing Major Works Programme. The last 18 to 24 months have been particularly challenging and, one of the most significant challenges we are currently facing is the huge increase in the cost of construction projects nationally. The Corporation is not immune from these cost increases which, typically, are between 20 and 30%.

18. Members will also recognise that progress with any of the projects included in the Housing Major Works Programme can change at short notice. It is often the case that notable changes in projects will have occurred from the time that reports are written to the time that they are presented to this Sub-Committee. Where appropriate, Officers will provide further updates to Members when presenting this report.

Staffing Resources

19. As highlighted at previous meetings of this Sub-Committee, up until recently, the Major Works Team has had significant resource issues (staff). Following a recent focused recruitment process however, we have managed to make several new appointments to vacant posts and the team is nearing its full complement of staff.

Appendices

Appendix 1: Housing Major Works Programme Progress Report (November 2021)

Appendix 2: Housing Major Works Programme (Future Programme)

Paul Murtagh

Assistant Director, Barbican & Property Services

T: 020 7332 3015 E: paul.murtagh@cityoflondon.gov.uk