

<b>Committee(s):</b> Housing Management and Almshouses Sub (Community and Children's Services) Committee	<b>Dated:</b> 08/07/2022
<b>Subject:</b> Housing Major Works Programme – Progress Report	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>1, 2, 12</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Director of Community and Children's Services	<b>For Information</b>
<b>Report authors:</b> 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 25 May 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 30 June 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.
14. Members will note that the Future Programme is substantively unchanged from that submitted to the June meeting of the Sub Committee. The projected dates for these future works are still as originally forecast and, do not reflect the potential 'two-year' affordability break reported last time. Should the two-year break be necessary, a substantial re-drafting of the Future Programme will be required.

15. 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). A joint report from the Chamberlain and the Director of Community & Children's Services that presents an update on the 5-year finance plan for the HRA and, sets out financial projections for the next 30-year period will be presented to the Community and Children's Services Committee at its next meeting on 20 July 2022. This report outlines the key risks and challenges over the forthcoming period that will impact on the current Housing Major Works Programme and, presents options to ensure the HRA retains positive reserves going forward.
16. 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.
17. 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 have now been exchanged with the successful contractor, ETEC Contract Services Limited. The contractor is now in the site-mobilisation phase of this project, which allows for lead-in times for measurement and site surveys, materials, manufacture etc. Works to replace the aluminium windows are to commence later this month and, works to replace the Crittall windows will likely commence in October.

**Holloway Estate** – we currently in the process of exchanging contracts with the successful contractor, Mulalley. The contractor is expected to commence mobilisation later this summer and, we are expecting a delivery programme to be submitted shortly for approval.

**Southwark Estates** – the Gateway 5 report seeking authorisation to award the contract to ETEC Contract Services Limited was approved by the Community and

Children's Services Committee on 8 June and the Operational Property and Projects Sub Committee on 21 June. We are now working on putting together the necessary contract documentation.

**Windsor House and William Blake Estates** – the Gateway 5 reports are currently in preparation and will be submitted to the respective Committee/Sub Committee for approval shortly.

#### H40 – Golden Lane Estate Window Refurbishment/Replacement

Design work continues across the wider Golden Lane Estate, with draft documents prepared for Cullum Welch House and Stanley Cohen House.

#### H40a – Crescent House Window Refurbishment/Replacement

An application for planning permission for a pilot project at 347 Crescent House was submitted on 25 April 2022 and, we have been advised that it will be considered at the July Planning and Transportation Committee meeting.

#### H45 – York Way Estate Communal Heating Replacement

The work on site is progressing well with positive feedback from those residents affected by the works. We currently remain on schedule to complete the project by January 2023.

#### 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 has progressed well on the York Way Estate and is now nearing completion. We are now about to commence the works on the Holloway Estate.

**Avondale Square Estate (Lot 2)** – we have now received the pricing document from Gerda, the Corporation's preferred supplier, via the Hyde Fire Safety Framework. Officers are analysing and reviewing and have highlighted several matters that require clarification. Once these matters have been resolved, we will be submitting a Gateway 5 Report to the relevant Committee/Sub Committee for approval to award the contract.

18. 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%.

19. 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

20. 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)

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