

Committee(s): Housing Management and Almshouses Sub (Community and Children's Services) Committee	Dated: 08/07/2022
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 8 July 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 will be submitted to the HPB at its meeting on 27 October 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 July meeting of this 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 previously. The Future Programme will also likely be affected by the outcome of the Capital Programme Review and, at some time in the future, a substantial review and redrafting of the Future Programme will

be required. Clearly, this can only be done once we have more clarity on the future funding capacity of the HRA.

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 there have been several changes 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

H39 – Window Replacement and External Redecorations (Multiple Estates)

William Blake Estate – the Gateway 5 report is written and ready to be submitted to the respective Committees however, it is currently 'on hold' due to the Capital Programme Review. Depending on how long the Review takes, it may be necessary to re-negotiate with suppliers as, the period for which tender prices are held may be exceeded.

A more significant risk, however, is that planning permission for this project expires in January 2023. Failure to commence the works before then, will result in further delays whilst an application to extend the duration of planning permission is made. This may be compounded by further uplifts in material and labour prices if the current economic situation worsens.

We are currently anticipating a delay of at least three months but, this could increase significantly if, we are required to re-engage with the host local planning authority.

Sydenham Hill – ETEC Contract Services Limited, has begun the site-mobilisation phase of this project. Unfortunately, however, due to complaints from residents, we had to instruct the contractor to remove its containers from Lammas Green, which had previously been agreed as the most appropriate location for the site compound.

We are presently exploring alternative locations for the site compound and welfare facilities to mitigate disruption to residents. This has meant that the contract has been put on hold until an alternative location can be found. The date for the installation of the replacement windows has, consequently, been put back by several weeks and, the City Corporation will incur significant additional costs as a result.

Progress of note on key projects

H39 – Window Replacement and External Redecorations (Multiple Estates)

Holloway Estate – we have now exchanged contracts with the successful contractor, Mulalley and, a 'Meet the Contractor' event was held in-person and online in August. Mulalley's appointed Resident Liaison Officer for the project is now in the process of contacting residents to arrange for the surveys of each individual property. The contractor is expected to commence mobilisation on site later this month.

Southwark Estates – a pre-start meeting was held with the successful contractor, ETEC Contract Services Limited on Tuesday 30 August and, we expect the works to start later this calendar year. The contract exchange process is underway and, we will shortly be writing to all residents inviting them to a 'Meet the Contractor' event with representatives from the City Corporation's Project Team and the contractor.

Windsor House – a pre-start meeting was held with the successful contractor, ETEC Contract Services Limited on Wednesday 31 August and, we expect the works to start later this calendar year. The contract exchange process is underway and, we will shortly be writing to all residents inviting them to a 'Meet the Contractor' event with representatives from the City Corporation's Project Team and the contractor.

H40 – Golden Lane Estate Window Refurbishment/Replacement (excluding Crescent House)

As members will be aware, we have been concentrating our efforts on the design options for Crescent House, due to the particularly poor condition of the windows across the block. However, now that design options for Crescent House have been drawn up, we are now able to focus more on the needs of the wider estate.

The main objective for us at present is to tackle the issues posed by this Grade II listed estate and, to come up with sustainable design solutions that will last for many decades to come. We are working on an accelerated programme for the Golden Lane Estate that we expect to share with residents later this month.

H40a – Crescent House Window Refurbishment/Replacement

An application for planning permission for the pilot project at 347 Crescent House was submitted on 25 April 2022. The application was considered by the City Corporation's Planning & Transportation Committee in July and, the Planning Notice was received 21 September.

A newsletter will be distributed to residents in October, with details on the progress that has been made, along with the next steps. We have now received the report following the acoustic surveys at Crescent House and, have prepared a summary report that will be shared through the project website. We will continue to add to

the 'Frequently Asked Questions' document, as well as publicising the notes taken from the Resident Liaison Group, which continues to meet monthly.

H45 - York Way Communal Heating

Following successful negotiations with the contractor for an agreed, and legitimate uplift in price, more engineers have been employed on this project, which is now moving at pace. We are keen to have this project completed and the site compound removed in time for the commencement of the new development project in January 2023.

H46 - Middlesex Street Estate Communal Heating

We are currently in the process of discharging the planning conditions prescribed in the recently received planning approval before the contractor can return to complete the distribution pipework. The delay will result in an uplift in costs due to significant rise in materials and labour costs, the extent of which is yet to be determined. Once the work resumes, we will have a much clearer idea of the impact the delay has had on completing the works and, when it will be completed.

H54 - Fire Door Replacement Programme (multiple estate programme)

Lot 1 – Holloway and York Way Estates. The installation of upgraded replacement fire doors on the York Way and Holloway Estates is nearing completion, with just a few 'difficult to access' residential and communal doors still to be installed.

Lot 2 – Avondale Square Estate. The Gateway 5 report is ready to be submitted to the respective Committees for approval but, is currently 'on hold' due to the Capital Programme Review.

Lot 3 – Dron House, Sumner Buildings, William Blake Estate. The tender package is being finalised and will be released to the contractor (Gerda) shortly to begin the measured survey and costing process.

H55 – Installation of Sprinklers

As approved by the respective Committees in July, the contract with United Living to install sprinklers in Petticoat Tower and Great Arthur House has been withdrawn. The works to the Point Blocks on the Avondale Square Estate continue with United Living, with a revised completion date of September 2023. A new tender package for the Petticoat Tower installation is in preparation and will be procured as soon as possible.

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. We do still have vacancies within the team and, we continue to try and recruit to these vacant posts as quickly as possible.

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