

Committee(s): Housing Management and Almshouses Sub (Community and Children's Services) Committee	Dated: 30/01/2023
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 6 December 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 and considered by the HPB at its meeting on 23 February 2023.
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 the 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 November 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 current and future economic factors 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. The report, as it stands, remains a useful reminder of the extent of work to be carried out (and forecast costs) to maintain the Corporation's Housing Estates to the required standard.

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 still 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 commencement of contract

H39 – Window Replacement and External Redecorations (Multiple Estates)

William Blake Estate – as forecast in the November report, the delay in authorising the Gateway 5 report due to the Capital Programme Review, has resulted in the expiry of the period that the tender prices can be held. Furthermore, because of this delay, it is no longer feasible that works will commence before the planning consent expires later this month. The London Borough of Lambeth's Planning Team has confirmed that a resubmission of the planning application is necessary.

It is estimated that this project will be delayed for six months to allow for the re-engagement with the planning process, review, and update of the of the tender documents, consultation, re-tendering and tender evaluation, award of contract and, obtaining the necessary Committee approvals. It is also expected that the continuing challenging economic climate will result in further uplifts to material and labour costs in 2023 although, these remain difficult to quantify at this time.

H54 - Fire Door Replacement Programme (multiple estate programme)

Lot 2 – Avondale Square Estate - authorisation of the Gateway 5 report was delayed by 2½ months, because of the Capital Programme Review. The Gateway 5 report has now been approved and the tender has been awarded. The process of exchanging contracts with our contractor (Gerda) is well underway.

Slippage in relation to projects in progress

H45 - York Way Communal Heating

The project completion date has slipped by two months, with an anticipated completion date for the end March 2023. The slippage is primarily due to issues

with access from residents including, 14 cancellations and continuing problems with Covid. We continue to work closely with the Estate Team and, our colleagues in the City Solicitor's team to overcome these and, any further access issues.

H55 – Installation of Sprinklers

Avondale Estate - United Living commenced works at West Point on the Avondale Estate on 20 September and, out of the 75 units in the block, 40 are substantially complete. Full completion of all units was forecast for the end of December 2022 and, it had been intended that work would commence at East Point late January 2023, with Centre Point to follow. The programme for the Avondale Estate was estimated to take 12 months in total, with full completion expected in September 2023.

Unfortunately, we have recently been advised by United Living that its specialist sub-contractor has gone into liquidation. Clearly, this will have a considerable negative impact on the contract, which will be suspended until United Living has procured and appointed a new sub-contractor. We now expect that the project will be completed by the end of December 2023.

The project remains a challenging one with, extensive parallel gas infrastructure works being carried out on the blocks by Scotia Gas Network.

Petticoat Tower – as set out in previous reports, Petticoat Tower was removed from the United Living contract and the procurement process for the installation of sprinklers in Petticoat Tower is now complete. Tenders have been received and evaluated, and a Gateway 5 report will be presented to the Community and Children's Services Committee at its meeting in March. Assuming we can execute a contract with the successful contractor in April, retrofit works could commence on site by September 2023, with a view to completing by March 2024.

Great Arthur House – as set out in previous reports, Great Arthur House was also removed from the United Living contract and will be procured separately, in conjunction with other related fire safety works including, fire doors and compartmentation works. City Planning has requested that the current application for Listed Building Consent be withdrawn and a more comprehensive application for all fire safety works be submitted in due course.

Progress of note on key projects

H39 – Window Replacement and External Redecorations (Multiple Estates)

Holloway Estate – The contractor, Mulalley, has taken possession of the community centre for its site welfare facilities and, is currently on site carrying out condition surveys. A recent update in the Building Regulations requires trickle vents to be installed in the windows which, the existing planning permission omitted. We will shortly be appointing a Design Consultant to deal with this amendment to the planning permission. Meanwhile, the Contractor will continue with external redecorations and surveys to minimise any delay.

Works to the pilot project installation at 20 Fairweather House will progress and will be used as part of the process to regularise the planning application documents and the planning consent.

Southwark Estates – ‘Meet the Contractor’ events took place on Tuesday 15 November and Thursday 17 November. The contractor, ETEC Contract Services, has mobilised its main site welfare facilities in the courtyard of the Sumer Buildings, with smaller facilities planned for Stopher and Pakeman House. The Resident Liaison Officer (RLO) will soon be arranging the individual surveys. The scaffolding installations have now started and colour schemes for the decoration works are to be agreed. An updated set of Frequently Asked Questions (FAQ’s) will shortly be distributed to all residents on the three estates.

Windsor House – ‘Meet the Contractor’ events were carried out on Monday 14 November and Wednesday 16 November. The contractor, ETEC Contract Services, has taken possession of the community centre as its site welfare facility and will shortly be starting the individual surveys.

The installation of the scaffolding around the building has started and a colour choice sheet for communal areas has been provided to residents, who have been balloted on their preferences. The most popular option for the masonry walls has been Frosted Lake and Black for the external wood and metal works (27 residents participated in the exercise). An updated set of Frequently Asked Questions (FAQ's) will be distributed estate wide to all residents and copies are also available in the Estate Office.

H40a – Crescent House Window Refurbishment/Replacement

The Pilot Project is progressing, with the scaffolding started on 9 January and, the tender for the specialist window contractor complete and the contract awarded. Various consultants have been engaged for testing the options, as well as Party Wall surveyors and a Planning Consultant. The Resident Liaison Group is positive in providing good two-way communications between residents and the project team. Pricing submissions have been received and are currently being analysed for the vacuum glazing option for Crescent House. An Issues Report will need to be produced shortly for the funding for the pilot project.

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.

A draft report for Stanley Cohen House has been received, reviewed, and returned with comments to the Design Team. The reports will be shared on the Golden Lane Windows website. Specialist manufacturers have been visiting properties, including the maisonettes, to provide valuable input into the various options for consideration.

H46 - Middlesex Street Estate Communal Heating

The project has resumed on site following the conclusion of the planning issue resulting from an unsuccessful objection from a handful of residents. Completion date is now expected to be 31 December 2023. There will be an uplift in costs following the protracted delay due to escalating prices in material and labour costs. We are currently waiting for an application for additional costs from our contractor TSG Building Services PLC.

H54 - Fire Door Replacement Programme (multiple estate programme)

Lot 1 – Holloway and York Way Estates. The York Way Estate installations are virtually complete and, the Holloway Estate installations are complete except for two residential properties. The first property involves an extremely vulnerable resident and, we are working with the relevant parties to engage with the resident and gain access. The second property, has an absentee leaseholder who, has left the property padlocked, vacant, and in a badly neglected condition. We have now gained access but, have had to engage a pest control company to attend before the door can be replaced.

Lot 3 – William Blake, Dron House, Summer Buildings, Petticoat Tower (communal doors only) – the tender documents have been issued to the supplier to commence the design and pricing process.

17. As part of the Corporate Capital Programme Review, it has been necessary to review the projects in the current Housing Major Works Programme to ensure that the cost of the Programme remains within the current budget envelope. As a result, the following four pre-Gateway 5 projects have been reduced in scope or deferred.

Reduced Scope

H50 – Southwark Estate Concrete Testing and Repairs

This project was set up to address any identified essential structural repairs to buildings on the Southwark estate. It has a £1.1m approved budget with £0.2m drawn down to date. The funds drawn down were to enable extensive intrusive surveys (including associated scaffolding costs).

Officers have reviewed the scope of this project following the results of the concrete surveys undertaken and determined that the level of structural works required is far less than originally anticipated and budgeted for. There is provision in the current redecoration budget to carry out essential pre-painting repairs to the structure that will address many of those areas in the report identified as needing repair. To mitigate any risk going forward, the structure of these buildings will continue to be inspected annually to identify any subsequent structural works that may be required.

This reduction in scope reduces the cost of the project down from £1.1million to £200,000.

H59 – George Elliston and Eric Wilkins Refurbishment

The original budget estimate of £3.7million for this project included the provision of 13 new homes by way of a new infill block between the two existing blocks and, rooftop extensions to the two existing blocks. However, the Community and Children's Services Committee (C&CS) subsequently agreed to abort the new build element of this project due to significant cost increase above the £3.7m budget (last estimate was around £7m).

Currently £0.2m has been drawn down from the budget. The budget has subsequently been revised down to £2.0million for the project, which will provide for the replacement of windows, doors, roofs and, lift refurbishment works to the two blocks to bring them up to the City Standard (previous Decent Homes Standard). There are 14 separate blocks on the Avondale Square Estate, and, except for these two blocks, all others have had replacement double-glazed windows in the past, some of which, have recently been refurbished.

The realignment of this project, in line with decisions taken by the C&CS Committee, reduces the budget for the project down from £3.7million to £2million.

H17 – Golden Lane Heating Replacement Phase 2 (Crescent House and Cullum Welch House)

This project originally provided for the design and installation of a new communal heating scheme into Crescent House and Cullum Welch House. Initial analysis and studies into this proposal conclude that the introduction of a communal heating scheme would only be feasible if covering the whole of the Golden Lane Estate and, not just two of the nine blocks. The logistics of doing this project, including buy-in from leaseholders who will be required to contribute proportionately to the significant cost of the works, are substantial and, something that is best appraised in 10- or 15-years' time.

The scope of this project has now been reduced to replacing inefficient and unreliable individual heating systems in our tenanted properties, as has been done in other blocks on the Golden Lane Estate.

This reduction in scope makes sense as, the introduction of an estate-wide communal heating system is much more logical and achievable than for just two blocks. However, this is a complex, expensive and extensive project that is best considered in 10- or 15-years' time. The residual budget will allow us to address issues with the existing individual heating systems in our tenanted properties.

This reduction in scope reduces the cost of the project down from £2.9million to £1million.

Deferred Project

H61 – Golden Lane Area Lighting and Accessibility

A successful Capital Bid for £500,000 was agreed for this project, which would enable the upgrading of lighting and signage across the whole of the Golden Lane Estate. To date, we have drawn down £15,000 of the available budget. It has been agreed to defer this project until the 2024/25 financial year.

Pausing this project will give officers time to review the scope and objectives of the project and, to explore options for alternative funding sources including external grant funding and funding from CAS. The repair and maintenance of the existing lighting will continue to be undertaken as part of the normal operational cycle, ensuring that the area remains safe and accessible for residents. These repairs can be funded from existing repairs budgets.

18. The reduction in the scope of the three projects above (H50, H59 and H17) will result in a reduction of £4.5million of capital spending. This should be sufficient to cover the forecast overspends across the whole of the current HRA Major Works Programme and, provide a small buffer for future overspends.
19. If it is subsequently found that alternative proposals are required to ensure that the HRA remains within its funding envelope, these will need to be agreed by the C&CS Committee and reported back to the Resource Allocations Sub Committee.
20. 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%.
21. 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

22. 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 (December 2022)

Appendix 2: Housing Major Works Programme (Future Programme)

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