



**DECENT HOMES
&
HRA CAPITAL INVESTMENT
DELIVERY STRATEGY
2013 to 2015**

1.0 Introduction

This document sets out the approach to be adopted for the delivery of the Housing Revenue Account (HRA) Capital Investment Programme 2013 to 2015.

The backlog funding award was made prior to the re-integration of the former Arms Length Management Organisation (ALMO) and programme delivery was delegated to Homes in Havering (HiH). The previous delivery strategy was approved by the HiH Board and comprised a range of solutions. Other aspects of the capital programme were either delivered by HiH or by the Retained Housing Service in accordance with LBH policies and procedures.

With the re-integration of the ALMO and with the forthcoming re-tender of the repairs partnership a review has been undertaken of the delivery strategy. It has been agreed the new repairs contract will not contain contractual facility for works of an investment nature and will focus on service delivery to residents. This decision will give greater opportunity for small and medium size enterprises (SME) to deliver these works. Havering has vibrant construction based SME network due to its good communication links and the capital investment programme could make a valuable contribution to the local economy.

It is imperative the strategy continues to deliver programmes of work and meet the targets, as agreed previously with the Homes and Communities Agency and now the Greater London Authority (GLA). The delivery of the programme needs to continue to concentrate on the delivery of decent homes programme and the reduction in non-decency levels in line with the forecast outcomes.

The final two years of the back log funding have been confirmed and the details in table one below show the proposed funding arrangements associated with the back log funding programme. These figures relate to the decent homes back log funding element only. There is a further element of capital investment agreed on an annual basis by members. This level of investment is part of the HRA Business Plan created following the introduction of self financing in April 2012.

Table One

DHBF Financial Profile	2012-13	2013-14	2014-15	Total Available for DH
DHBF Award	£15,000,000	£15,000,000	£23,581,000	£53,581,000
HRA Contribution	£5,000,000	£5,000,000*	£5,000,000*	£15,000,000
Programme funding	£20,000,000	£20,000,000	£28,581,000	£68,581,000

**figures for 2013/14 onwards are provisional and subject to members approval.*

The other consideration for members to note is the back log funding required local authorities to fund the final element (10%) of non decency through self financing from their own resources. This has been included within the self financing business plan.

2.0 Current Position – 2012/13 - Where are we now?

The current approach to the delivery of the capital programme is through the use of the existing partnering contractors, Morrison Facilities Services, and other existing contracts with AJS Services (Landlord Electrical Works) and Castlepoint Ltd (Boiler Replacements). In 2010 a replacement window and door contract was awarded by the ALMO and subsequently novated to the Council with Anglian Building Products for a three year period as a framework arrangement. All other works have been delivered through open competition or the LHC Bulk Frameworks. Members should note two of the appointed contractors, Lakehouse PLC and Breyer Group, are based in the borough. The use of bulk procurement arrangements is supported by government and the GLA as a key mechanism for economic stimulation and maximising the ability of authorities to deliver decent homes programmes cost effectively.

The existing approach has also been one of pepper-potting investment, based on the age and condition of components, with some programme synergies being delivered, mainly through the major voids projects. It should be noted voids have been utilised on a small scale to deliver decent homes elements where such work has been identified, but the delivery of this has varied due to the nature of properties becoming empty.

3.0 Future Delivery proposals - Where do we want to be?

The key aspects of the future strategy will be focused on the parameters set out below;

1. Achievement of Decent Homes targets set with the GLA.
2. Compliance with EU procurement legislation
3. Compliance with requirements of section 20 of the Landlord and Tenant Act 1985
4. Capacity of delivery mechanisms (contractor/supplier/staffing/management)
5. Further development of strategies to increase value for money and a “more for less” approach to projects.
6. Communication with customers and stakeholders.

Achievement of Decent Homes targets.

The decent homes expenditure is clearly identified and a profile of expenditure and direction of travel, or milestones has been established. A significant exercise in re-profiling has taken place due to the fact that the original back log funding was suspended following the election in 2010 and the subsequent award of funding in November 2011 was different to the original plans. The profile identified has been achieved and continues to be on course. The GLA continue to monitor performance in reaching the published targets and have been provided details of the self financing business plan.

Compliance with EU Procurement Rules

It should be noted by members the consolidated value of some of the proposed projects/programmes exceed the EU procurement thresholds as dictated by the aggregation requirements. These thresholds are, as of 1 January 2012, £173,934 for the supply of goods and services and £4,348,350 for works. It should also be noted projects/programmes cannot be divided to avoid the aggregation requirements of the regulations. The penalties for breach of the EU procurement regulations are governed by amendments made to the regulations in December 2009 and can be extensive in the value of damages. It is essential the strategy has proper regard for the regulations.

Compliance with section 20 of the Landlord and Tenant Act 1985

This facet involves the requirements to consult with leaseholders prior to the commencement and award of contracts delivering improvements which are the responsibility of the

freeholder. The act sets out various schedules of requirements appertaining to EU and non EU tendering procedures as well as long term agreements and stand alone specific works contracts. A breach of this requirement has to be proven by the leaseholder at the Leasehold Valuations Tribunal if they wish to challenge the obligation to pay their contribution. The result of any successful challenge limits the freeholder to be able to recover a maximum charge of £100 for long term agreements and £250 for works to buildings. The necessity to comply with the regulations has significance due to the value of the potential charges to leaseholders. These can range from £3,000 to £10,000 per leaseholder. There is a detailed policy and procedure in place for this aspect of operations and has been in place for some time.

Capacity of Delivery mechanisms

A revised detailed assessment will need to be completed of the various aspects of the decent homes programme, other aspects of the HRA capital programme with reference to other strategic projects (such as the delivery of improvements to our sheltered housing). The comprehensive procurement plan will be revised to provide capacity and flexibility. In addition, the exclusive use of specific suppliers will be changed. The quality standards will not be reduced, but, component standardisation and compatibility will be a key consideration. A percentage of each element will continue to be allocated to works being carried out whilst void, in order to minimise disruption. Such installations will involve a whole house approach, in order to maximise the decency levels

VFM and “More for Less” strategies

There will be a continuation of the “internal market” with various suppliers and contractors. This will drive overall costs down and enable more works to be completed within a monitoring cycle. To support this continuation of the policy of replacement with low maintenance materials and more efficient installations to reduce cost in use for both customers and management of the stock will occur.

Communication with customers

The changes in central funding arrangements, the details of the scope of the decent homes programme, together with other capital expenditure, and the locations affected by the investment will be published to customers. The medium to be adopted and the messages themselves will be produced by the Council. This will be supported by improved “look up” arrangements detailing properties in the capital programme for front line services and maintenance providers. A more focused consultation strategy will be adopted to be responsive to customer requirements and manage expectations.

4.0 Implementation Process – How are we going to get there?

It should be noted by members there are a number of aspects which are inter-related due to the delivery of works to non-traditional properties, high rise properties, and works to sheltered schemes. All of which will incorporate elements of decent homes work and thermal insulation of the building fabric.

The address lists for each programme have been developed to ensure that the previous approach of pepper potting, has been limited as far as is practicable and the address lists have been compiled by adjusting properties in individual roads or locations to be carried out in the same year.

This simplifies delivery with the contractor, and assists in the distribution of work between different contractors and also will minimise dissatisfaction from locations where residents believe that others are receiving preferential treatment. Programmes will be published with certainty, although the expectation of residents will need to be carefully managed with newsletters and close communication in local areas. Programmes will carry a 5% over-

programming element to account for refusals and elements which are found not to be required where copied data has been used or residents have installed their own kitchens, doors, etc. The over-programming element will be separately identified on the programmes and refusals or changes monitored throughout the year. Commentary on the individual programme areas is detailed below. Also, details of the other elements of the HRA capital programme are included.

We are proposing the adoption of a "mixed economy" approach to ensure the HRA capital programme delivery is maintained to the current levels of attainment whilst actively encouraging a wide range of suppliers and contractors to engage in the various opportunities available. The mixed economy approach involves adopting the use of currently in place compliant contractual arrangements for some contracts, and exposing works to open competition for others. In parallel to this the delivery strategy sets out to achieve an assurance that the primary procurement activities will be completed to support the requirements associated with probity, compliance with legal requirements and seeking to increase and promote the local economy in Havering.

This mixed economy approach to the procurement opportunities utilises a range of different mechanisms available to the council to achieve the main objective of improving the homes of tenants and leaseholders. The main options available to the Council are

- EU procurement compliant arrangements - The Council are a full member of the bulk procurement frameworks compiled and administered by the LHC, formally the London Housing Consortium. This arrangement is recognised nationally by DCLG and by the GLA as a preferred method of public sector organisations achieving value for money on the basis of large scale procurement arrangements. There are two locally based companies appointed to various framework agreements. In addition to the LHC there are two framework contracts in place for the provision of windows and doors and replacement of gas central heating and boilers in place which have been procured in accordance with EU procurement rules.
- Current Council contracts - these are contracts in place, which have been procured in accordance with EU regulations and include in their scope of works an element of investment or planned programmed works. The area of works includes Legionella testing, electrical works to communal areas and care line equipment.
- Tendering to the market - The Council has adopted Constructionline, which is a nationally accredited contractor/consultant vetting scheme, as the method of contractor registration. All projects where tenders or quotations are required will be selected from this list. The works involved are not subject to EU procurement rules by aggregated value but will still require, in some circumstances, section 20 consultations. It is proposed where tenders are sought for works above £100,000 but below the EU procurement thresholds two (2) out of every five (5) contractors invited will be based within the borough. In addition, where quotes are required for works under £100,000 we will actively engage with locally based companies with the relevant registration with Constructionline.

In February 2012 members approved, as part of the report relating to the HRA Business Plan 2012 - 2042, an indicative programme for 2013/14 of a total value of £30.28m including fees. The details in the tables below are based on the information provided in the relevant report. The implications of the proposed mixed economy by value are set out below.

The proposed procurement strategy and the various routes involved, by value, is set out in table one below

Proposed Procurement Route	Project Values (£,000)	Percentage of HRA Programme
EU Procurement regulations compliant contracts (LHC)	£15,079	49.8%
EU Procurement regulations compliant contracts (LBH frameworks)	£5,470	18.1%
LBH Contracts with scope to undertake planned works	£1,430	4.7%
Works to be competitively tendered	£8,301	27.4%
Total	£30,280	

The HRA Capital Programme is further broken down in the report to Cabinet by project lines. The implications of the proposed procurement strategy is further detailed in table two below

Programme	Value (£,000)	LHC (% by value)	LBH Framework (% by value)	LBH Contracts (% by value)	Tender (% by value)
Decent Homes Programme	£23,656	59.85%	19.38%	0%	17.03%
Additional Capital Works	£2,049	45%	0%	31.72%	23.28%
Environmental Improvements	£1,125	0%	0%	16%	84%
Planned Preventative Maintenance	£1,500	0%	0%	0%	100%
Common & Sheltered (non DH)	£1,370	0%	0%	3.65%	96.35%
Energy Efficiency	£30	0%	0%	0%	100%
Aids and Adaptations	£550	0%	0%	100%	0%

4.1 Decent Homes Programme

Windows and doors only programmes.

A contract exists for PVCu window and door replacements with Anglian Building Products. The works will require tendering for aluminium or other high performance replacement windows to high rise buildings should this be required. Works to non-traditional properties will be co-ordinated with the structural works required to those properties. The works to sheltered properties will be considered with the overall programme for works to sheltered and extra care facilities. These works are subject to section 20 consultation.

Kitchens.

The aggregated value of this programme will exceed the EU procurement thresholds. It is proposed to utilise the LHC frameworks with award being based on a tendering exercise within the framework arrangements as allowed for within the framework. It is further proposed to engage at least three contractors to maximise the ability to deliver the programme. These works are not subject to section 20 consultation.

Boiler and Heating Replacements.

Boiler replacements are currently carried out via the framework agreement with Castlepoint, which exists on an annual renewal until March 2013. A tendering exercise, in accordance with EU procurement rules was commenced by the former ALMO. This framework proposes the award to a wider number of contractors and will be completed to commence in April 2013 for a period of 4 years. These works are not subject to section 20 consultation. However where communal heating is to be renewed this will be tendered in the market place to contractors registered on Constructionline as required by the Councils tendering procedures as the works will be subject to section 20 consultation.

Electrical Installations (Domestic and Landlord Services).

The programme associated with works to the Landlords Services is included in the scope of the current contract in place with AJS Services but will be subject to section 20 consultation with leaseholders as it was not procured as a Qualifying Long Term Agreement. These works comprise of routine planned maintenance and some improvement works. Members should note there are ongoing discussions with a Havering based lighting manufacturer to produce a programme of replacements to reduce the requirements for ongoing maintenance.

The works to domestic dwellings are part of the partnership agreement. Any future works will be undertaken as part of kitchen refurbishments or where the works are not associated with these will be the subject of open competition. These works are not subject to section 20 consultation.

Roofs.

Due to the value of the future programmes, the opportunity exists to consider tendering all of this work to ensure value for money. There are a number of large flat and pitched roofs which are identified in future programmes and will be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures. These works are subject to section 20 consultation.

Bathrooms.

Due to the value of the future programmes, the opportunity exists to consider tendering all of this work to ensure value for money. There are a large number of properties where decency is not achieved due to the age and/or condition of the bathroom which is identified in future programmes and will be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures. These works are not subject to section 20 consultation.

Insulation.

With the introduction of the Green Deal on 9 October 2012 there are significant changes being introduced. One of the significant changes relates to the Energy Companies Obligations (ECO) and the availability of funding. The Council is a member of the RENEW framework which is managed by the GLA. This framework has been used to deliver a range of works to both council owned and private residents by the Energy Efficiency team.

There is currently a review of the providers available to access funding for various energy efficiency measures in conjunction with the Energy Efficiency Team. The proposals will be linked the Councils fuel poverty strategy and be utilised as a catalyst to promote energy awareness and grants access to private households.

Non-traditional housing remedial works.

Due to the value of the future programmes, the opportunity exists to consider tendering all of this work to ensure value for money. There are a large number of properties where decency is not achieved due to the age and/or condition of the property which is identified in future

programmes and will be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures. These works are not subject to section 20 consultation as many of the properties are houses.

Tower Block Remedial works.

Due to the value of the future programmes, the opportunity exists to consider tendering all of this work to ensure value for money. The main works for 2013/14 will be situated at Napier and New Plymouth Houses and the estimated values will require procurement governed by the EU procurement rules. These works are subject to section 20 consultation.

Sheltered housing major works.

Following the review of sheltered accommodation undertaken in 2010/11 by LBH, there are a number of strategies to be implemented, with the upgrading of existing schemes and the conversion to extra care of a number of identified schemes. The conversion works on the extra care schemes needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Additional Capital Programmes

Major voids

This is a contingent allowance for works arising during the year. Major Voids will be delivered through a mixture of contractual arrangements. Works beyond routine void works and works to the Decent Homes standard (kitchen and bathrooms), such as structural repairs, will be completed through a tendering process outside of the repairs contract. This process needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Where possible Major voids will be linked in with other capital programmes of work to achieve Value for Money to the Council whilst adopting a 'whole house' approach. There will be an allowance made in the kitchen programme being delivered via this route.

Structural

This is a contingent allowance for works arising during the year. This work is generally to be delivered by the repairs contractor. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Legionella

Current contractual arrangements with the gas servicing contractors to deliver regulatory requirements for legionella will continue for the duration of the existing contract, which is 5 years. Options are being explored to potentially incorporate remote electronic monitoring for legionella within the borough.

Fencing

This is a contingent allowance for works arising during the year. A backlog list of fencing is maintained and the works can simply be delivered through the repairs contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Drainage

This is a contingent allowance for works arising during the year and the works can simply be delivered through the repairs contract. If value exceeds the prescribed levels within the new

contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Lighting

This is a contingent allowance for works arising during the year and the works can simply be delivered through the existing landlords' services contract. If value exceeds the prescribed levels within the contract this will need to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Asbestos Removal

This is a contingent allowance for works arising during the year and the works will be part of the new repairs and maintenance contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors registered on Constructionline as required by the Councils tendering procedures.

Prevention of ASB

This is a contingent allowance for works arising during the year and the works can simply be delivered through the repairs contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Playground equipment

This is a contingent allowance for works arising during the year and the works can simply be delivered through the repairs contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

CCTV equipment

This is a contingent allowance for works arising during the year and the works can simply be delivered through the existing contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

Boundary Walls

This is a contingent allowance for works arising during the year and the works can simply be delivered through the repairs contract. If value exceeds the prescribed levels within the new contract this needs to be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures.

External refurbishment

Due to the value of the future programmes, the opportunity exists to consider tendering all of this work to ensure value for money. This will be tendered in the market place to contractors on the LHC framework, and those registered on Constructionline as required by the Councils tendering procedures. These works are subject to section 20 consultation.

Common and Sheltered

DDA Fire Protection/ Upgrade to door entry systems/ sheltered fire alarms/Careline Equipment

These works are associated with proportions of the Strategic Sheltered Housing and Hostels review. It has been agreed to develop a detailed delivery strategy, aligned with a procurement programme will need to be developed. A Project Board is to be convened in Homes and Housing to create required linkages and deliverable targets.

Other Programmes

Hidden Homes

Expenditure will be directed by the Head of Homes, Housing and Public Protection. This work is subject to technical evaluation and agreement with local residents.

Aids and Adaptations

Expenditure will be directed by Adult Social Services. Housing will provide a monitoring role only.

Other General Programme Considerations

There are a number of other issues which need consideration with the implementation of the delivery plan, both to enhance existing procedures and to meet the changing requirements of the programme.

Leaseholder Consultation

Any works to be tendered outside of the existing contracts may require leaseholder consultation and may also need to comply with EU procurement requirements. The various requirements for this consultation will need to be adhered to and appropriate time allowed in any procurement exercise.

Resident Involvement

Residents will be consulted on any aspect that will have a direct impact on their homes. At present residents are involved through the Property Improvement Steering Group on various aspects of the capital programme and how this impacts on their home. As delivery of decent homes work moves towards programmes on a street by street or estate basis, rather than individual pepper-potted approach, a greater opportunity to consult residents on a local basis presents itself. This will be facilitated by newsletters to be used to keep residents informed of progress and the intended programmes, together with use of the website for the publication of the programme and other information. A Decent Homes Information pack will be produced providing the necessary information to residents about the work to be carried out to their home.

Procurement Requirements

A significant consideration is the requirement to comply with EU procurement rules and the processes associated with leaseholder consultation. The programming will be completed with this in mind and the required approvals processes in the governance structure.

What are the Risks?

Procurement

A number of different elements will require procuring through contractors during the 2 years of the delivery plan. These will require careful planning to minimise any delay in commencement of delivery. The Procurement plan will need to be agreed with the Procurement team to assist with their work planning. Any potential delays in starting new contracts will also affect the levels of decency during the year as these targets will be closely monitored by the GLA.

Legal Compliance

The programme has a range of parameters to work within governed by statute. The main legislation includes EU procurement rules, Landlord and Tenant Act 1985, section 20, and planning and building control legislation. It is imperative these elements are factored in to any pre project preparation and the time required to achieve compliance is factored in.