

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 4 DECEMBER 2012

Title:

DECENT HOMES HCA GRANT

[Portfolio Holder: Cllr Keith Webster]

[Wards Affected: All]

Note Pursuant to Section 100B(5) of the Local Government Act 1972

Annexes to this report contain exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in paragraphs 1 and 3 of the revised part 1 of Schedule 12A to the Local Government Act 1972, namely:-

1. Information relating to any individual; and
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Summary and purpose:

This report updates members of an important change in the grant funding profile provided by the Homes and Communities Agency which is used to fund the Council's Decent Homes Backlog Programme. This change provides Waverley with an opportunity to bring forward its programme of housing improvements, accelerating the delivery of decent homes in Waverley and reducing the risks in the current financial climate, associated with any long-term national funding programme.

The report sets out an updated capital programme that reflects the new funding profile from the Homes and Communities Agency and details the arrangements that will need to be put in place to deliver the accelerated programme.

How this report relates to the Council's Corporate Priorities:

The report relates to three of the Council's corporate priorities:

- **Affordable Housing** – investing in our housing stock and achieving the Decent Homes Standard.
 - **Understanding Residents Needs** – ensuring that services respond to the needs of local people.
 - **Value for Money** – maximising the value to local residents and tax payers.
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Equality and Diversity Implications:

Some of Waverley's most deprived communities live in Council housing that does not yet meet the Decent Homes Standard. This report sets out a programme to accelerate the investment in the Council's housing stock to ensure that all homes in Waverley meet or exceed this important national standard and that this is achieved as quickly as possible.

Environment and Climate Change Implications:

The investment in the Decent Homes (for example by replacing windows, roofing and gas boilers) will improve the thermal efficiency of the Council's housing stock, reducing energy usage and consequently reducing each property's carbon footprint. This will benefit both the tenant in reduced fuel bills and the wider environment.

All contractors delivering Decent Homes works submit their environmental policy to Waverley Borough Council as part of the tendering process. The scope of this includes the way in which they carry out the works, the materials they use and the manner in which they dispose of waste.

Resource/Value for Money Implications:

The Council is able to secure value for money through a combination of utilising existing long-term contracts in housing which were tendered through a full OJEU process on the open market during 2011 and approved by the Executive on 4 October 2011, and by tendering for smaller, shorter-term contractors to undertake elements of the programme that cannot be reasonably accommodated by existing contractors during the accelerated period of the programme.

This report sets out a revised capital programme (detailed in [Annexe 1](#)) which accommodates the re-profiling of the Decent Homes funding from the Homes and Communities Agency. The revised capital programme will be subject to close and regular monitoring by the Executive and by Community Overview and Scrutiny and prompt action will be taken if any slippage is identified.

The costs of temporarily increasing the capacity of the Council's property services team by X4 FTE posts from 1 January 2013 to 30 April 2014, estimated at £157,000, will be met from resources allocated to the Council's Capital Programme from the HCA grant.

Additional Staff costs	2012-2013	2013-2014
	£	£
Estimated cost of Temporary staff	31,411	125,643

Legal Implications:

The Council is able to utilise the existing works and maintenance contracts in Housing to undertake this work, recognising the increased scope and value this represents for the decent homes work between January 2013 to April 2014. This would be coupled with an associated reduction in the value of this work in the following year, but this issue would be mitigated through the wider reprogramming of

other works not related to the decent homes element to even out some of this variation. In short, the Council must ensure that its existing contractors do not suffer a loss in the value of work they receive as a result of the approach proposed to be taken.

The proposed approach to procurement set out in paragraphs 10 to 15 of this report provides the Council with the ability to secure the necessary works within the required timescales in a way that does not impinge on national and European procurement regulations.

Background

1. In 2011 Waverley Council made a bid to the Homes and Communities Agency for funding towards making the Housing stock 100% 'Decent Homes' compliant. The Council was awarded funding of £8,460,320 over three years from April 2012 to April 2015.
2. Since the initial bid and successful award of the decent homes funding, the Council has successfully tendered and appointed new contractors to deliver its homes improvement and maintenance works. These contracts commenced at the beginning of the year and are now fully mobilised, with the exception of the Home Safety Contract which was re-let to the second-placed bidder. The Council has seen a significant reduction in the number of complaints relating to these services over this period alongside a rise in compliments and satisfaction levels.
3. The Housing Service has also completed a major restructure in the Summer which was approved by Council in July 2012. This has strengthened, among other things, the Council's housing property services function which is now fully staffed. This function oversees all the contracts and ensures that the works are carried out to the required standard. As a result the Council is on track to deliver its decent homes targets for the current year.
4. On 24 October 2012 the Homes and Communities Agency met with Council officers to review progress with the current years programme and to explore the scope for bringing forward some or all of the decent homes work. They were interested in the capacity of the Council to accelerate the delivery of the programme, bringing forward improvement works by up to a year. They noted with interest the recent re-tendering work that had been completed by the Council and new staffing structure that had been put in place.
5. On 7 November 2012, the Homes and Communities Agency wrote to the Council to confirm that it would be prepared to bring forward the funding for Waverley to enable the decent homes programme to be accelerated. The revised funding arrangements are as follows:

	Current allocation £'000	Revised allocation £'000	Variance £'000
12/13	2,318	2,722	404
13/14	3,238	5,738	2,500
14/15	2,904	0	-2,904
Total	8,460	8,460	0

Reprogramming capital spending

6. Annexe 1 sets out a revised capital programme which takes into account the increased level of funding from the Homes and Communities Agency from January 2013 to April 2014 and ensures that the Council is able to achieve 100% decent homes compliance by 2015.
7. A pragmatic and balanced approach has been taken to enable a greater focus to be given to spending the much higher level of Decent Homes backlog funding from January 2013 to April 2014. As a result some works relating to newly arising non-decent related properties and other capital works will be rescheduled from 2012-2013 (see report Capital Works Re-programming 2012-2013 elsewhere on this Agenda), unless an urgent need is identified in which case it will be progressed on an exceptional basis.
8. One of the conditions of the funding from the Homes and Communities Agency is that Waverley meets the cost for the work completed on the last 10% of properties. The improvement work for these remaining properties is likely to relate to bathrooms rather than the other types of improvement work reflecting experience gained in the current year. Any remaining newly arising decent homes related work will be addressed in 2014/15.
9. Exempt Annexe 2 sets out the detailed schedule of the works that would be undertaken through this revised programme.

Procurement arrangements

10. The Council will be able to utilise the existing contractual arrangements it procured through OJEU for Housing that were approved by the Executive on 4 October 2011. The types of works required to be undertaken through the accelerated Decent Homes Programme are already specified within these existing contracts, although the value of the decent homes work during the accelerated period will be greater than was originally anticipated when the contracts were entered into.
11. In wishing to take a prudent approach, the Council needs to be prepared for the possibility that some of the existing contractors will not have the capacity to undertake all of the additional works required between January 2013 and April 2014 and that this may become evident at any point over that period. In these circumstances it is important that the Council has arrangements in

place to secure an additional contractor or contractors in a reasonable timescale to complete the balance of the work.

12. Given the relatively short period covered by the accelerated decent homes programme, it would be appropriate for the Council to make use of an external procurement framework that already operates in the region that is compliant with European procurement regulations, and that covers the types of work that may be required. The use of such procurement frameworks are encouraged by the Homes and Communities Agency as they are a way of combining purchasing power in the market and demonstrating value for money.
13. The LHC (previously named the London Housing Consortium) provides such a framework that is available to local authorities, housing associations and other public bodies. Although the Council has the option to procure directly with any contractor within the framework, it is proposed that the Council conducts a mini-tender process with all those contractors within the relevant framework category that have confirmed that they have the capacity to undertake these works. In this way the Council can be confident that when ever this approach is used, it can demonstrate that the selected contractor is the one best able to deliver value for money.
14. The maximum value of any one contract would be limited to 18% of the value of Waverley's Decent Homes works for that year. Exceptions to this would need approval by Executive. This reflects the primary focus being given to delivery of the programme through the Council's existing long-term contracts.
15. Any contracts procured through this framework could be limited to the following specialist Decent Homes activities including supply and installation and any associated remodelling works:
 - Kitchens
 - Bathrooms
 - Heating
 - Roofs
 - Rewiring
 - Doors
 - Windows

Staffing arrangements

16. Additional temporary staffing capacity is needed in the Housing Property Services Team beyond its current establishment level. This team provide the client function for the decent homes works and the overall capital programme in Housing. The additional posts are

X1 FTE Surveyor	Pay Band 6, £38,663 including on-costs
X2 FTE Clerk of Works	Pay Band 8, £30,162 including on-costs
X1 FTE Administrator	Pay Band 9 £26,656 including on-costs

17. These posts will be filled on a temporary basis for the duration of the accelerated period of the Homes and Communities Agency funded Decent Homes works.

Monitoring Arrangements

18. The delivery of the accelerated Decent Homes programme will be closely monitored and reported to Executive through the regular Budget Monitoring reports. Should the monitoring identify the need for any in-year adjustments – for example because of a potential slippage in a particular area of delivery – appropriate recommendations will be brought forward to the Executive for decision.
19. The Housing Improvement Sub-Committee of the Corporate Overview and Scrutiny Committee will also have a role in reviewing progress at each of its meetings and will also draw on the feedback from the Waverley Housing Tenants Panel about the experience of the tenants who are in receipt of these works. This approach has been invaluable in the current year.

Risks

20. In the current economic and financial climate, any long-term national funding programmes face the possibility that future years funding may be curtailed. It is possible that if the Council does not take up the opportunity to draw down Decent Homes funding a year early from the Homes and Communities Agency, then it may not be available in future years. The proposed action is therefore to re-profile and prioritise the work funded by the Homes and Communities Agency to complete in two rather than three years - see Annexe 1.
21. The significant increase in the decent home programme will need to be matched by increased delivery capacity otherwise the delivery targets will not be met. Given the anticipated 80% increase in the decent homes programme in 2013/14, it is unlikely that the Council's current contractual arrangements will provide the delivery capacity that is needed in all areas. This represents a significant risk to the programme. This will be mitigated through early discussions with the Council's existing contractors about their capacity to deliver the accelerated programme, tight client management and making short term arrangements with other contractors procured through a framework consortium, to increase the overall delivery capacity available to the Council.
22. Alongside the risk relating to delivery capacity through the Council's contractors, there is a risk that the Council will not have adequate capacity within its client function to properly co-ordinate the work required and ensure that standards are met. This is being addressed through the proposals contained in this report to increase the staffing within the Council's client team during the accelerated period of the Decent Homes programme.

Conclusion

23. The offer from the Homes and Communities Agency to bring forward its Decent Homes Funding is a significant opportunity for Waverley to secure this funding to accelerate the delivery of decent homes in the borough. The

proposed change to the overall capital programme for housing seeks to take a balanced approach and enable the Council to focus its capacity and the capacity of its contractors on the externally funded Decent Homes work between January 2013 and April 2014. This report also identifies the need to create greater capacity, on a temporary basis, in the Housing Property Services team aligned to the accelerated programme, and put in place arrangements that enable the Council to select other contractors as required to ensure that the programme delivered.

Recommendation

It is recommended that

1. approval be given to accept the Homes and Communities Agency's offer to bring forward their funding to Waverley to enable an acceleration of the Council's Decent Homes capital programme from January 2013, as set out in this report and detailed in the Annexes so that the grant increases by £404,000 to £2,722,000 in 2012/13 and by £2,500,000 to £5,738,000 in 2013/14;
2. approval be given to spend the £404,000 reallocated into the final few months of 2012/13 on replacement doors and windows;
3. approval be given to the procurement process set out in paragraphs 10 – 15 of this report using the LHC procurement framework for the appointment of additional contractors to assist with the delivery of the accelerated programme of Decent Homes work;
4. the Council be recommended to give approval to increase the staffing levels in the Housing Property Services Team by 4 FTE from 1 January 2013 to 31 April 2014 consisting of:

X1 FTE Surveyor
X2 FTE Clerk of Works
X1 FTE Administrator

at an estimated cost of £157,000 to be funded from the HCA Grant allocation.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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