

Communities, Regeneration and Housing Policy and Scrutiny Committee

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Cabinet Member Portfolio	Housing www.westminster.gov.uk/cabinet)
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1. Executive Summary

This report provides an overview of how the Housing directorate manages and monitors its capital works programme circa £45m - £60m per annum to the council's 20,836 (stock figure as Oct 2021) housing units.

It summarises the robust governance processes which are in place to monitor every aspect of the capital programme from the asset management to design, to delivery through to completion. This includes stakeholder consultation at every stage including resident engagement and how it aligns with the City for All objectives.

It also informs how the projects are managed operationally, financially and strategically.

The report provides an update to the report which the former CityWest Homes Ltd. provided the council, specifically to the Council Task Force Scrutiny group in October 2018, immediately prior to transferring to the council in April 2019.

2. Key Matters for the Committee's Consideration

1. The Committee is invited to note and comment on the contents of this report.
2. The Committee is invited to comment on how capital works programme in relation to housing can become more sustainable
3. The Committee is asked to scrutinise how the capital works programme in relation to housing is meeting the City for All objectives
4. The Committee is invited to comment on the challenges over the coming 18 months in managing leaseholder bills due to labour and material costs increasing due to external factors.

3. Background

The Capital Programme is defined for these purposes as the large, long term planned / cyclical capital investments in the Council's housing stock e.g. re-roofing; block-wide window installations; major decoration projects; as well as over-hauling key Mechanical & Electrical components e.g. lifts, heating systems etc. There is an agreed 5 year capital programme of works, which covers many building components. **(Appendix 1)**

These works are different to general repairs, which tend to be either reactive (e.g. individual boiler breakdowns) or annualised Planned Preventative Maintenance (PPM) (e.g. safety checks / regular cleaning of gutters).

The capital programme whilst broken into a number of categories e.g. fire prevention, mechanical & electrical, major works, voids etc. can be further split into two areas.

Business as Usual which requires ongoing annual investment into components requiring replacement or updating, e.g. lift renewal programme, Fire Risk

Assessment Works, void re-servicing to approx. 400+ empty properties per annum, estate lighting etc.

Project and Major works, this covers elements which are brought to our attention to be replaced via our 30-year asset management strategy, which is informed via stock condition surveys, e.g. building components which need to be replaced as they have come to the end of their serviceable life, for example windows, roofs, doors, lifts and building services.

Overview of Westminster's Social Housing stock

Westminster Council has a housing portfolio of 20,836 (stock figure as Oct 2021) housing units. These comprise of individual street properties through to tower blocks of which the tallest has 21 storeys.

The stock is challenging to manage, due to its age, design and complexity. There are predominantly two types of tenure; tenants and leaseholders which currently comprises 55% tenants and 45% leaseholders. Compared to other London boroughs, the ratio of leaseholders is particularly high, and this can provide specific challenges when we carry out particular types of work and delivering the capital programme. Leaseholders are required to pay for their proportion of the works cost as dictated by the work carried out to their block or property and by the terms of their lease.

4. Developing the Capital Programme

There are four ways in which the capital programme is prepared / influenced:

- a) Active Asset Management
- b) Planned Preventative Maintenance
- c) Stock-wide projects
- d) Out of Cycle Component Replacement.

a) Active Asset Management

The Asset Database holds the stock condition information which is updated periodically via the stock condition surveys. Each building/property is surveyed every 3 to 5 years along with 10% internally. This enables WCC's team to produce a high level 5 and 30 year programme. The teams work with the repairs team and other key stakeholders to review the asset needs.

These stakeholders include the housing team, ASB team, resident forums, complaints team and Councillors. The programme is also informed by the development and regeneration programmes to ensure work is not undertaken if not required.

Capital works can also be referred on an ad-hoc basis if a component has failed early and a new need has arisen; examples of these are a roof which can no longer be repaired, or where new security works are needed following increased cases of ASB. Refer to item d below for further detail.

On completion of any capital works the components in the database are updated to ensure they are programmed in for their next cycle.

Examples of the building component replacement cycles are listed below with the project priority scoring matrix illustrated in **Appendix 2**

Lifts	25 years
Doors	30 years
Windows	40 years
Internal Decorations	12 years
External Decorations	12 years
Kitchen	30 years
Bathroom	30 years
Domestic Boiler	15 years

b) Planned Preventative Maintenance

The process is further informed from the planned maintenance team working on specific blocks and estates. These will include, for example, regular clearing out and maintenance of roof gullies,, inspection of rainwater pipework, services etc; the aim being to move from more of a reactive maintenance regime to a proactive regime.

This process may, depending on the size of certain works packages, bring to our attention that some of these components require renewal/replacement and consequently fall into a future major works programme.

c) Stock-wide projects e.g. fire safety works or condensation works

There can be certain projects / themes that emerge, requiring alignment with the Major Works programme. Obvious examples are the current focus on fire-safety improvements and tackling condensation and mould (a City for All target).

These packages of works are reviewed alongside the stock condition surveys and existing projects within the programme, but often these works are urgent (e.g. impacting the health and safety of those occupying or visiting the blocks), and so are prioritised against the more cyclical nature of the Major Works programme.

In other words, unless a Major Works project to a block is imminent e.g. within 6-12 months, there is often little benefit / ability to hold-off these specific works until such time as major works start; a programme of works is then packaged up. For example fitting extract / ventilation fans to tackle condensation, or the implementation of fire-doors.

d) Out-of-cycle Component Replacement

Whilst we look to plan all capital expenditure in advance, there are situations when components fall outside of the usual cyclical programme and cannot be economically repaired. To combat this, a referral system has been implemented, whereby elements or larger projects are passed to the Asset Strategy team for consideration.

The referral is reviewed alongside the programmed works to the estate, also assessing the justification for the works and whether they are of an urgent nature. If they are required, and pre-programmed works cannot be brought forward, then an individual project will be created. A Client Brief is prepared for hand-over to one of the Term Contractors.

Project prioritisation

The projects contained within the programme go through scrutiny and a project prioritisation exercise emanating from our 3-year stock condition surveys and asset management strategy. A weighting is also allocated against each criterion and is subject to change depending on the prioritisation of the Council.

The current priorities and weighting applied at this time is as follows, and further information is also provided in **Appendix 2** to this report:

Health & Safety/FRAs	20%
Resident Expectations/Councillor Enquiries	20%
Repairs History	20%
Project Stage	15%
Carbon Emissions Reduction Potential	15%
Historical Project Age	10%

The purpose of the rating strategy is to ensure that we are carrying out the right projects first and can provide reasoning to key stakeholders including residents and Councillors if projects need to be moved. This is essential especially when we are in a situation if projects are required to be moved back, in some instances, several years.

Naturally there are unexpected impacts to the programme which can generally be categorised as:

- Unexpected component failure e.g. roofs and heating systems
- Additional works following stakeholder engagement
- Wider impact of high leaseholder bills
- Councillor and key personnel input
- Delays of previous works and consequential delays to other projects within the programme
- Changing business priorities e.g. fire safety, BREXIT, Covid-19
- Leaseholder challenge and complaints

From the indicative 5-year programme, the asset management team will begin to develop a 'Client Brief' for a specific project 18/24 months prior to a proposed start on site date. The client brief is discussed in more detail later in this report.

Engagement is then carried out with Housing colleagues (e.g. local repairs and housing teams), as well as residents and Ward Councillors (see later information on resident engagement) to ensure that a comprehensive picture of need is developed.

Finally, for certain elements and situations, the team carry out 'net present value' calculations (considering the whole life cost of replacement versus repair over a 30 year period). In doing so, the team also consider product specifications i.e. different levels of quality and type of material (e.g. uPVC windows vs powder-coated aluminium windows).

The Client Brief is then handed over to one of the Term Partnering Contractors for processing through design stage and then for delivery on site.

The capital programme is reviewed, monitored, and reported on a monthly basis. Reports and minutes from these meetings enable the Council's leadership and management teams to monitor the progress and compared against the approved HRA Business Plan.

5. Major Works Contracting Arrangements

Prior to 2017, each project was individually tendered; which was inefficient, costly and time consuming; and often led to poor service and regular contractor disputes. Few positive long-term relationships were able to be built, and conversely, the regulations also meant that it was difficult for the Council to exclude some contractors who had previously performed badly.

To overcome this, it was agreed with the Council that 10-year 'Term Partnering Contracts' (TPCs) would be established for capital works, where the major works element of the capital programme was structured via a geographical split, essentially a North and South of the borough, with approximate similar budgets allocated to each area.

The intention being to:

- Avoid successive tendering, procurements, and waste across the programme; thereby
- Reduce the combined procurement and contract administration costs to below 10% (from circa 16%);
- Improve accuracy of programming and cost management;
- Establish relationships with contractors, driving consistent high performance;
- Exploit operational and practical expertise from the supply chain;
- Create a strategic environment with all providers focussed on mutual improvements and benefits;
- Maintain transparency with leaseholders over the development of projects;
- Build long term relationships to provide opportunities for staff and residents to invest in training and experience; and
- Over time, see cost savings for the HRA, and therefore leaseholders.

Our Service Providers are Axis Europe and United Living who are experienced contractors with a strong history in working with many local authorities covering a similar range of work.

Axis Europe

Axis Europe were awarded the contract covering the North of the borough, they are a large employer with over 800 members of staff covering a multiple area of work within their various divisions and work extensively throughout local government.

United Living

United Living Property Services cover the south of the borough and are a larger employer with over 1,100 members of staff assigned to their divisions; however they have a more diverse portfolio.

Both Service Providers have a wide and varied supply chain whom they work with to design and deliver our projects in both the North and South of the city.

6 Capital Programme and the City For All objectives

The department has ensured the capital programme and service providers support the new *City for All* vision and strategy and how it can best support and align the business it carries out under each of the four pillars of the strategy.

Greener and Cleaner

- The works undertaken in the Capital Programme improve the performance of the stock, therefore reducing the carbon emissions to meet the WCC carbon reduction target. Elements will include roof, wall and floor insulation, windows, doors, new heating systems and lighting. PV panels are also being considered when roofs are replaced to offset carbon emissions in the housing stock.
- Within the main criteria for assessing the priority of major works, 15% of the project is assessed in regard to the environmental impact it will provide the society.
- We have submitted bids to government to obtain grant funding to improve our carbon footprint. A recent example of this is a £3.2m bid to the Social Housing Decarbonisation Fund (SHDF) which will enable 360 properties to be improved from an EPC rating D to a minimum of EPC C. The aim however will be to get to as close as possible to an EPC B.
- We ensure that all our contractors and their respective supply chains have appropriate environmental and retrofit standards in place including PAS 2035. (PAS 2035 is relatively new over-arching document essentially providing a specification for the energy retrofit of domestic buildings.).
- Leveraging energy efficiency measures in housing where possible e.g. Approximately 25% of all void properties receive fabric improvements to increase their SAP score to an EPC rating of B where possible.

Specific reference to Pimlico District Heating Undertaking is provided later in the report.

Vibrant Communities

- Projects included in the capital programme help to improve the estates our residents live within and help towards the vibrant community's objective. This might include installing new greening areas and new security systems helping to keep the community safer.

- Within each contract, every contractor is required to create employment opportunities and apprenticeships depending on their level of turnover.
- Our contractors have visited colleges and community groups to support recruitment campaigns and have worked with bodies who support assisting and supporting ex-military personnel into employment, as well as encouraging the youth of the borough to embark on a career within building and construction.

Smart City

- Some projects include new vehicle electrical charging stations to help meet the Smart City objective.
- Other projects include broadband installations
- We have created a Digital agenda, which includes:
 - use of drones – to reduce the cost of erecting temporary scaffolds
 - Smart tagging on new equipment helping to improve data collection and streamlining tasks.

Thriving Economy

- Our service providers employ a significant number of employees. Of this amount, we request that a percentage are employed locally.
- They also use local material suppliers where possible
- We require the service providers to proactively use local employment within their supply chain of sub-contractors where possible.

7 Delivering The Capital Projects

The process within the term contracts is generally designed around the RIBA Plan of work. The detailed process and sequence from inception to completion of capital works contracts is shown in **Appendix 3** to this report.

In summary the TPC agreed workflow is:



Client Brief

A draft Client Brief is prepared by Asset Strategy and passed to the Major Works team for completion and issue to the Service Provider. The developed Client Brief issued to the Service Provider will comprise e.g. independent condition surveys, repairs history, third party commissioned report to ensure that it is independent, cost plans, preliminary design strategy summary of works required etc.

The final Client Brief is approved for issue by Programme Board which is a group of senior technical managers within the division.

Project Execution Plan - PEP

The Service Provider is required to prepare and submit to the Client Representative a Project Execution Plan within four weeks of receipt of an authorised Client Brief.

The PEP will include, a design strategy, programme, resource plan etc. which informs the client representative of the Service Provider's intentions for the design, procurement and construction activities identified in any Client Brief.

Service Provider Proposal - SPP

Following receipt of any Pre Commencement Order (PCO), the Service Provider shall prepare and submit to the Client Representative a SPP in accordance with the agreed PEP.

The SPP comprises a detailed record of all information necessary for the Client or Client Representative to instruct the commencement of the Task works.

Notice of Estimate (NOE) – Section 20

The final SPP and recommendations are approved by the Programme Board for subsequent issue of the NOE to leaseholders and Pre-commencement Order to the Service Provider.

Commencement Order (CO) and start on site

The final SPP and recommendations are approved by the Programme Board for subsequent issue of a CO to the Service Provider.

Subject to leasehold observations received during the NOE period, the Client Representative issues the CO to the Service Provider in the format set out in the term contract based upon the Service Provider's agreed SPP.

The Service Provider will mobilise and commence works following receipt of a CO.

8 Operational Management of the works

The Capital Programme Team operates on a transparent basis, and this is captured and viewed in the following way:

- Scrutiny – The Processes and Procedures involved in delivering Major Works allows all aspects of the organisation to interrogate what we do and how it is done, and this manifests in our governance such as Project and Programme Board where any proposed Task is subject to interrogation of scope required and budgets assigned.
- Dashboard / Status Report - This an overview of Task events within a working month, and will capture progress on programmed work, Quality Management, financial reporting, Resident Engagement, Key Risks and Issues and a Strategic Look ahead for the next four weeks, but ultimately giving control of financial and operational reporting to WCC Officers to ensure budgets and targets are met.

- Monthly Meetings – These happen at varying levels; there are monthly site based Task lead meetings with both WCC and the Service Provider where daily resident engagement, operational/ commercial matters and Task Risk Registers are reviewed, and actions are issued as a result. There are also internal meetings within WCC where a more strategic view on our Tasks are discussed and this is information for discussion which is captured through the Status Reporting and Dashboards.
- Managers’ Core Groups – These take place monthly and provide both parties the opportunity to formally review performance. All meetings are formally managed and minutes are taken with action and tasks. Typically this meeting covers: resources, performance against KPI’s, health and safety, environmental aspects, social value etc.
- Housing Capital Review Group – This is a senior management meeting, where all major projects and divisional performance is presented and reviewed. This will include updates on monthly actuals, against forecast performance and end of year outturn.
- Cabinet Member Review – This is on a similar basis to the above, and monthly updates are presented by senior managers to our Cabinet Member for scrutiny and challenge where there may be requests to carry out a ‘deep dive’ into the progress of certain projects at various stages of the contract.
- Social Value - The service providers are held to account in several ways:
 1. Quarterly Social Value meetings which review specifically the key deliverables within the social value aspects of the contract
 2. Quarterly Strategic Alliance meetings, where all contractors attend and update on a wide range of topics, recent examples include, moving over to electric vehicles, participating in the Don’t Be Idle campaign etc.

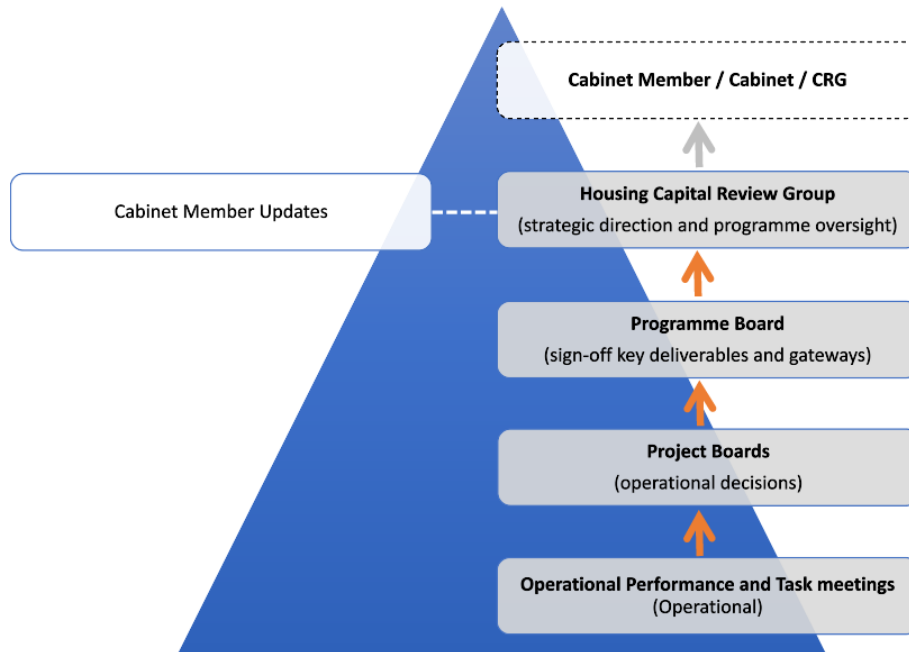
9 Governance processes and procedures

An end to end approval and governance process is in place to oversee the capital programme and individual project approvals, which starts at Client brief and follows the RIBA 2013 stages through to completion of works. This process is overseen at various monthly meetings including project and programme boards which provide approval and oversight at key stages.

On an annual basis a high-level programme and budgets are set through the CPSR process and business plan submission which is monitored at monthly meetings between Finance and the Divisional Head of Housing Property.

The Housing Capital Review Board was introduced in the summer of 2020 to provide strategic direction and programme oversight, and ensure key decisions are noted and information communicated to stakeholders.

Capital Works Programme Strategic Governance



Reporting:

To ensure appropriate oversight and scrutiny of individual projects, a monthly monitoring reporting process is in place which includes the completion of monthly status reports by project teams. Status reports capture key project information and provide a summary of past/forthcoming activities, along with key financial information and a summary of risks and issues.

These monthly updates feed into PowerBi dashboard reports which are presented at programme and strategic boards.

During summer 2021 work has taken place, in partnership with the Corporate Programme Management Office (CPMO), to create and implement a version of the council's 'Innovation and Change' dashboard which includes both a project and programme level view of the Capital Programme and ensures a consistent reporting format.

Work to refine and improve these dashboards is ongoing, with a particular focus on capturing resident feedback and engagement activities. Examples of the status report and previous/current dashboard views can be found below.

Dashboards

During summer 2021 work has taken place, in partnership with the Corporate Programme Management Office (CPMO), to create and implement a version of the council's 'Innovation and Change' dashboard which includes both a project and programme level view of the Capital Programme and ensures a consistent reporting format.

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More detail on reporting and dashboards can be found in **Appendix 9**.

Monthly Review Meetings

A summary of the monthly meetings can be found below, with the terms of reference illustrated in **Appendix 4**

Project Board (Monthly) – Chaired by Client Surveying Manager

The Project Board has collective responsibility for the technical review, scrutiny, strategy and allocation of tasks associated with the Client Brief process that informs the capital investment Programme. The Board is effectively the technical scrutiny body that feeds directly in to the Programme Board. All key teams are invited to attend including the asset team, major works team, lessee services team, housing team, repairs team etc.

Programme Board (Monthly) – Chaired by Divisional Head of Property

Programme Board has collective responsibility for strategy, allocation of tasks and implementation of 'work' comprising the HRA capital investment programme.

Housing Capital Review Group (Monthly) – Chaired by the Director of Housing

The purpose of the Housing Capital Review Group in summary is to:

- Agree and monitor the HRA capital expenditure
- Provide strategic direction and oversight to all capital spend
- Identify and prioritise initiatives, such as programmes or projects across the directorate, as part of the 5-year programme

Cabinet Member Review (Fortnightly) – Chaired by Cabinet Member for Housing

This occurs on a fortnightly basis providing an overview of progress within the City. The programme and project updates are given to the Cabinet Member for Housing where issues can be raised if they are significant. This offers visibility and equally it is a platform for the Cabinet Member and or attending Councillors to voice any concerns and challenges.

10 Managing the Capital Programme During the Pandemic

Delivery of the Capital Programme has been adversely impacted by the pandemic, the effects of which are still being felt.

During 2020, all Capital Programme works were suspended from the end of March until the beginning of July. This was with the exception of project Y147 Little Venice Towers where, due to the external nature of the works and importance of the project,

Axis Europe continued the works through to a successful and safe conclusion with the support of the Capital Programme team.

The report provides a deep dive into the management of *Little Venice Towers Re-cladding project* **Appendix 5**

Whilst on-site works were suspended and much of the construction industry was on furlough during the initial lockdown, United Living continued to progress pre-construction activities associated with their projects across the Capital Programme. This involved working in conjunction with the Capital Programme team through the relevant design stages of each project in order to try to mitigate delays caused by the pandemic. Nevertheless, such delays resulted in an under-spend for the FY20/21.

In early July 2020, on-site works resumed across the Capital Programme on a phased basis and in strict accordance with the Site Operating Procedures guidance as published by the Construction Leadership Council. The Capital Programme team and Service Providers introduced control measures to protect residents, their workforce(s), and to minimise the risk of spread of the Covid-19 infection.

Such measures included carrying out Covid-19 specific Risk Assessments for every project, which were published on WCC's website for residents to view. The resumption of works was generally well received by residents across the city.

Through two further lockdowns, the Capital Programme team continued to work closely with Service Providers to ensure effective arrangements were in place for monitoring and reviewing their compliance with Government and industry guidance.

As a result, it has been demonstrated that on-site activities can be delivered in a safe and effective manner. The Capital Programme teams continue to ensure that all existing health and safety legislation continues to be complied with to ensure safe working practice.

Looking to the future as we move out of the pandemic, it is likely that the delivery of the Capital Programme will remain challenging. Due to Covid-19 and other factors, the construction sector is experiencing inflationary pressure. Increased demand is colliding with global supply chain disruption for materials and labour shortages. London ranks as the eighth most expensive place to build in the world.

A report published by the RICS (Royal Institute of Chartered Surveyors) Building Cost Information Service (BCIS) published 7 May 2021 confirmed that 'material supply to the UK construction industry is under severe pressure resulting in rising costs' with a 2.7% increase in the first quarter of 2021, and a further increase of 2.6% forecast for the second quarter.

These conditions mean that existing budgets for projects are forecast to be insufficient, and that Leaseholder bills are likely to rise as a consequence. Whilst the Capital Programme is somewhat protected by the Council being in existing 10-year Term Partnering Contracts for the delivery of all projects, both Axis Europe and United Living report that they are unable to secure fixed prices for longer than 90 days, and without guarantee that the supply chain will be available to enter into contract or fulfil orders when the pricing and consultation process has concluded.

Whilst the Capital Programme team have already implemented temporary changes to the operation of the Price Framework to help manage escalating construction-related costs, the Council will need to meet these inflationary challenges and work collaboratively to alleviate ongoing risks.

11 Communication and Engagement on Major Works Projects

Communication and engagement on major works projects can be challenging. Major works projects are very disruptive with interruption to day to day life, they involve detailed planning and large sums of money, and residents do not always share the same views about what work should be done or when it should be done.

Within this context, communication and engagement on major works projects focuses on two areas - the five-year programme of work and specific projects within the programme.

Programme of work

At programme level, once the Housing Revenue Account Business Plan has been approved by the Council a five year programme is published on the City Council's website and promoted widely via residents' associations, housing services newsletters and leaseholder specific updates.

The programme sets out a high level 'look ahead' of planned work by block or housing area. Although the detail of each project will not be known at this stage, it does outline the type of work within scope and the expected year for the work to start enabling residents to plan for projects.

The Council is currently finalising the next programme, through to 2025/2026, and this is due to be approved and published in the next few months.

Specific project communication and engagement

In terms of specific projects within the programme the process for communication and engagement, including the Council's commitments, is outlined in the *Guide to Major Works* in **Appendix 6**.

In addition, there is a specific guide for leaseholders which explains the statutory consultation for leaseholders, major works billing and payment options. The guide is called *Major Works Service Charges Explained*. **Appendix 7**.

In summary, there are four stages of any standard major works project:

1. Initial planning,
2. Detailed design and approvals,
3. Onsite work,
4. End of works – completion.

The standard communication and engagement across these stages covers a wide range of methods, including:

- Written updates including direct letters, FAQ guides, resident information / project packs, newsletters and posters.
- Published project documentation such as detailed plans and specifications.
- Online updates via project webpages including correspondence, documents and photographs.
- Resident meetings, both traditional face to face and online sessions.
- Ongoing engagement with recognised residents' associations.
- Formal leaseholder consultation via Section 20 Notice of Estimates.
- Home visits, one to one online calls or telephone calls.

Although the standard process is outlined above and in the *Guide to Major Works*, not all projects are standard and the engagement and communication can vary to suit the project scope, duration, level of disruption expected, costs and resident input.

To manage this there is a named Council team member responsible for coordinating engagement and communication with residents, acting as a point of contact linking all elements of a project together and advocating for residents throughout each stage of a project.

Once a project is onsite, there is an additional dedicated onsite contractor resource to act as the first point of contact for residents' queries. The engagement at this stage is primarily operational and based onsite, relating to the day to day management of the project works. The onsite resource continues to be managed and supported by the City Council team, with all onsite communication being approved by the Council.

In addition to the standard methods described above, there is the flexibility within each project to add to these and for residents to shape the ongoing engagement and communication to match their needs and expectations. Some examples of this include online collaboration with residents' associations via TEAMS, fortnightly email bulletins and weekly site walkabouts with the project team.

Councillor enquires and complaints

The number of complaints and formal councillor enquires on major works and asset strategy is low, illustrating the value of the comprehensive engagement and communication outlined above. The table below outlines the data for the first half of 2021/2022 (Apr – Sep 2021).

Type	Number out of total housing complaints	% of total housing complaints
Stage 1 complaint	19 out of 513	3.7%
Stage 2 complaint	10 out of 156	6.4%
Councillor enquiries	9 out of 372	2.4%

Satisfaction

Currently satisfaction is monitored at the end of each project. However the recording of satisfaction data has been impacted by COVID-19 with only one project being completed over the last six months.

Proposals are being drafted for a three-stage satisfaction monitoring process to capture satisfaction before work starts, while onsite and at the end of a project. This is to test satisfaction at different stages of a project to give much more timely and useful information throughout a project. The surveys will be managed by independent telephone surveys via the Innovation and Improvement Team.

The proposals will be rolled out this year and results reported individually in the project dashboards, webpages and collectively as part of the performance monitoring pack described in section 9 of this report.

12 Capital Programme and Leaseholders

Apart from any consultation with leaseholders that is undertaken as good practice, there are legal requirements about consultation on major works and service contracts which must be observed if the landlord is to be able to recover the cost of the service in full (i.e. exceeding the £250 or £100 p.a. limits)

We will issue a Section 20 notice for any proposed works before an estimated bill is issued. This estimated major works charge is based on the service providers finalised full estimated cost for the works and will therefore be in line with the Section 20 Consultation Notice. Once the works are completed on site and after the defects period has ended a final account for the actual expenditure on the whole contract will be submitted

Below is a summary of the available *Methods of Payment*. **Appendix 8.**

- By phone with a debit card or credit card
- Direct Debit
- Online with debit card or credit card
- Standing order
- Post
- Direct to bank account (Via BACS)
- Service Charge Loans

Payments can also be made in instalments and the instalment options are as below and depend on how you need to pay:

1.1 INVOICE AMOUNT	1.2 PAYMENT OPTIONS AVAILABLE
1.3 £200 – £2000	1.4 If the bill is under £2,000 you can spread your payments over a year in 12 equal monthly payments 1.5 No interest or administration fee will be payable
1.6 £2000 AND ABOVE	1.7 If you receive a bill for more than £2,000 you can spread payments over two years in 24 equal monthly payments 1.8 No interest or administration fee will be payable
1.9 £5000 AND ABOVE	1.10 If you receive a bill for more than £5,000 you may be able to spread payments up to five years 1.11 To be eligible you must live in your property as your main home and not own any other property 1.12 Years one and two no interest will be charged 1.13 Years three, four and five interest will be charged at one per cent above the Bank of England base rate 1.14 An administration fee will be payable at the beginning of the scheme.

13 Capital Programme and Fire Safety

Following the Grenfell fire tragedy, the council took immediate steps to review the management of fire protection and prevention. This, together with acknowledging the recommendations from the Dame Judith Hackett and Sir Martin Moore-Bick reports, required the entire capital programme to be reviewed to address these recommendations.

This resulted in approximately 40% of capital budget being diverted to fire safety related projects as these were being prioritised. This meant the re-programming of many contracts and the knock-on effect resulted in many contracts being delayed several months or years to enable this to be accommodated.

This has caused additional pressures in having to re-consult with residents, serving the necessary Notices resulting in the annual budget spend to the programme. The division is currently assessing the requirements from the impending Building Safety Bill, which will be incorporated into the projects via risk assessments.

In addition, the Housing restructure has strengthened this entire area of fire safety with dedicated Fire team, supported by surveyors specialising within fire prevention and safety.

14 Capital Programme and Carbon Reduction Works

We have presented and held workshops with Core contractors and held follow up workshops to agree targets. Our contractors have now invested in training and recruitment of the specialisms we now require in PAS 2035 (the standard for retrofit works) and our future plans to electrify the heating of our stock as much as practical.

Our void standard now includes fabric improvements to the worst performing homes. To date three have been completed with a further 10 in progress. As pilots of new low carbon heating systems are successfully trialled, these systems will be added to the standard where appropriate.

Communal heating systems requiring replacement in the Capital Programme include an assessment of potential low carbon heating systems. Any opportunities for grant funding will be pursued, such as the Green Heat Network Fund.

Roof replacement schemes will now consider the cost benefit of installing PV panels providing clean heat to the national grid and the carbon offsetting that it can provide.

Similar to the fire prevention, the Housing restructure has resulted in a new Sustainability department being created, which will include all aspects of carbon reduction within the existing stock and built environmental, as well as environmental measures. The majority of the new team will be in place by March 2022.

Their role will include ensuring that from our capital programme we maximise the benefits relating to carbon reduction from the contracts.

The new department recently submitted a bid of £3.2m to the Social Housing Decarbonisation Fund which if successful will enable 360 properties to be improved from an EPC rating of D to a minimum of C, if not a B rating.

PDHU Decarbonisation plans

In its current condition, PDHU contributes 16,688 tonnes CO₂ of carbon emissions (37.4% of the Council's annual CO₂ emissions in 2018/19). The aim is to reduce this as much as practical before 2030 to achieve a net zero standard.

An initial decarbonisation study has been completed on PDHU which has shown the potential for 53% if a 5MW River source heat pump is installed. The estimated cost of the heat pump is £10.3m and would require several consents and further investigation, including Port of London, planning, English Heritage (redesign of the listed PDHU pump house), Crown Estates, highways, and Environmental Agency.

The extension of this feasibility study to carry out the design and consultation required to progress these approvals and ground surveys is underway and expected to take over 6 months to progress to provide enough detail to apply for Green Heat Network grant funding. The overall aim of the second feasibility study is to de-risk the project as much as practical and produce a robust cost plan to enable a business case to be produced and submitted. An updated risk register would be provided with this business case.

In addition to these decarbonisation plans for PDHU, there are significant Investments required to the network and in-flat heating distribution. These have been included in the study in order that an holistic plan for PDHU investment is produced.

15 Conclusion

The management of the capital programme can sometimes be complex and challenging, it is therefore, necessary to have embedded processes and rigour into the operational and financial management throughout the process.

This report is intended to provide the committee with this reassurance from inception to completion of projects, as well as demonstrating the engagement with key stakeholders throughout.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact Jim Paterson
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APPENDICES AND BACKGROUND PAPERS:

- 1 – Current 5 year Capital Programme
- 2 - Project priority scoring matrix
- 3 – Delivering the Capital Projects and RIBA Plan of Work
- 4 – Monthly meetings and their Terms of Reference
- 5 – Little Venice Towers Re-cladding project
- 6 – Guide to Major Works Projects – April 2021
- 7 - Major Works Service Charges Explained
- 8 - Methods of Payment
- 9 – Capital Works Programme Gov and Reporting summary for P&S