

Committee	Date	Classification	Report No.	Agenda Item No.
Cabinet	29 July 2009	Unrestricted		
<p>Aman Dalvi – Corporate Director Development & Renewal</p> <p>Originating officer(s) Chris Holme Service Head (Resources) – Development and Renewal / Jackie Odunoye Service Head (Strategy, Regeneration & Sustainability) – Development & Renewal</p>			<p>Title Housing Investment Programme 2009/10 to 2013/14</p> <p>Ward affected: All</p>	

1. SUMMARY

- 1.1 This report sets out the proposed Housing Investment Programme for the years 2009/10 – 2013/14 including details of approved schemes and estimates of expenditure. Much of this programme is managed on behalf of the Council by Tower Hamlets Homes.
- 1.2 The report also informs Members about three schemes which have been allocated funding in accordance with the Mayor's recommendations under the Regional Housing Pot Targeted Funding Stream 2008-2011, and seeks approval to adopt capital estimates. Furthermore it seeks Cabinet approval to amend the details of the Right to Buy buy-back-scheme.
- 1.3 Finally, the report outlines the Decent Homes procurement strategy which will need to be put into place in order to commence the programme as soon as funding is released by the Government once Tower Hamlets Homes achieves 'two star' status.

2. RECOMMENDATIONS

Cabinet is recommended to: -

- 2.1 Approve the five year Housing Investment Programme 2009/10-2013/14 as set out in paragraph 5 of the report.
- 2.2 Adopt capital estimates for the 2009/10 financial year for all schemes set out in Appendix A of the report and authorise officers to progress those schemes.
- 2.3 Adopt capital estimates for those schemes to be funded by the Regional Housing Pot Targeted Funding Stream as set out in paragraph 7 of the report.

- 2.4 Agree that two bedroom units should be included in the leasehold repurchase programme, as outlined in paragraph 8.
- 2.5 Agree that the Council and Tower Hamlets Homes commence the procurement process of the Decent Homes Programme as set out in paragraph 9 of the report.

3. BACKGROUND

- 3.1 In order to enable forward planning and clearly identify current and future priorities, the Council has developed a five year Housing Investment Programme. The Cabinet agreed the schemes forming the 2008/09 to 2012/13 programme at its meeting in June 2008. Each year an updated programme is presented to Cabinet as circumstances change, resources available in the short term become clearer, and preparation work for the next year of the five year rolling programme is undertaken.
- 3.2 The Council is part way through its currently agreed five year programme. This programme needs to be updated and agreed in detail for the current and following financial year, with new schemes added to the programme as appropriate to ensure it continues to roll forward effectively and informs the investment planning process for future years.
- 3.3 At its May 2009 meeting, the Cabinet agreed the Housing Strategy 2009-11 which contained the following objectives:
 - Delivering and maintaining decent homes
 - Placemaking and sustainable communities
 - Managing demand, reducing overcrowding
 - New housing supply
- 3.4 The investment programme set out in this report addresses those aims, where appropriate. Other aspects of the Housing Strategy are being met through other complementary means e.g. via the Home and Communities Agency funding programme.
- 3.5 The council established Tower Hamlet Homes in July 2008 and anticipates this will lever in additional resources from 2011 onwards. However, this report is based on existing resources from 2009/10 and estimates for future years without an assumption of additional resources. Until the Council has certainty of its ALMO Decent Homes funding allocation its scope to address decent homes is more limited, however, this refresh of the Housing Investment Programme has included a decent homes pilot programme.
- 3.6 In order to ensure that progress continues to be made on delivery of the improved programme, the Council needs to be able to work

schemes up to tender and begin detailed resident consultation. Schemes must be part of the approved programme before this process can commence.

- 3.7 Tower Hamlets Homes now manages the Council's housing stock under the terms of the Management Agreement. Therefore the Tower Hamlets Homes Board has considered those parts of the programme relating to this stock and now recommends it to the Council. The report to Tower Hamlets Homes Board is included at Appendix A.
- 3.8 In order to ensure that once 'two stars' are achieved, Tower Hamlets Homes can rapidly commence the much more comprehensive Decent Homes Programme, it is essential that a full contracting strategy is put in place. This will include a procurement exercise which it is estimated will take more than 12 months to complete. The Tower Hamlets Homes Board has therefore recommended to the Council that the decent housing procurement exercise is started as soon as possible.
- 3.9 At its meeting on 1 July 2009, Cabinet determined to progress the two major housing estate regeneration programmes at Ocean and Blackwall Reach. Those decisions, and their resourcing implications, have been factored into the proposed Housing Investment Programme.

4. THE HOUSING INVESTMENT PROGRAMME

- 4.1 The housing Investment programme falls into five main areas:
 - Work to the Council's housing stock to address disrepair, meet Decent Homes targets and respond to the need for improvement.
 - New house building by Registered Social Landlords to match local patterns of demand.
 - Work to private sector stock to improve standards and increase supply.
 - Grants to help those wishing to move from Council accommodation into the owner-occupier sector.
 - Measures to improve sustainability in housing developments, contribute to regenerating communities and improve the services provided.
- 4.2 The process for prioritisation for inclusion in the programme takes account of the following principles:

a) Council's Own Stock

- Stock condition data, especially in relation to decent homes issues
- Area maintenance records e.g. heating and rewiring
- Day to day running costs e.g. where these are high it may indicate a need to replace an element
- Local Housing office records e.g. estate inspections
- Members enquiries
- Residents meetings
- Option appraisals e.g. high cost schemes, consideration of whether blocks should be replaced or demolished
- Improving the sustainability and outcomes of regeneration projects

b) Non Council Housing Stock

- Private sector stock condition and social data
- RSL – how efficiently the proposals meet housing demand, or uses public sector funding

4.3 In all cases, ways to reduce energy and/or heat homes more effectively will be incorporated into schemes and projects wherever possible and will be consistent with the Council's Carbon Management Programme.

4.4 The five year programme is developed by matching the priority schemes determined in line with the principles set out above, with the available resources, taking into account restrictions on the use of these resources. The first calls on the resources are ongoing commitments carried over from a previous year.

4.5 Secondly, priority is given to those schemes which are 'obligations' e.g. match funding, and those programmes already agreed by Cabinet but which have not yet become a contractual commitment.

4.6 Finally, new schemes are considered, based on the availability of resources and the urgency of newly arising need.

5. RESOURCES

5.1 For 2009/2010 the following resource projections are based on allocations and expected income from grants and capital receipts. For 2010/2011 onwards all figures are provisional at this stage. The resources are set out in the following table:

Table 1. Resource Projections 2009/10 to 2013/14

	2009/10 £000	2010/11 £000	2011/12 £000	20012/13 £000	20013/14 £000	Total £000
Supported Capital Expenditure (LA Decent Homes)	15,500	15,000	15,000	15,000	15,000	75,500
Major Repairs Allowance	12,550	12,500	12,450	12,400	12,350	62,250
Regional Housing Pot Targeted Funding	810	4,564	1,000	900	0	7,274
Disabled Facilities Grants	588	600	600	600	600	2,988
East London Partnership Renewal Funding	126	150	150	150	150	726
New Deal for Communities Grant	11,189	5,000	0	0	0	16,189
Local Priorities Programme Allocation (Cabinet February 2009):						
Utilisation of Reserves and Balances – Overcrowding Strategy	9,450	9,450	0	0	0	18,900
General LPP Resources *	1,136	0	0	0	0	1,136
Regeneration Capital Receipts & s106 Resources	2,500	1,000	0	0	0	3,500
Capital Receipts from Local Priorities Programme – Blackwall Reach	2,000	4,000	3,000	0	0	9,000
section 106 Resources – Blackwall Reach	0	0	1,500	0	0	1,500
Housing and Planning Delivery Grant	250	250	500	0	0	1,000
Total	56,099	52,514	34,200	29,050	28,100	199,963

*LPP resources confirmed for 2009/10

5.2 The council's borrowing permission – Supported Capital Expenditure (Revenue) is now called the “Regional Housing Pot for London Boroughs for Decent Homes work on their own stock”. Its use is therefore constrained. Similarly, in the majority of cases, Section 106 contributions can only be used to support new build schemes. The Private Sector Sub-regional pot has to be used on private sector repair and improvement schemes and to bring vacant homes back into use.

5.3 The following table shows an analysis of scheme expenditure in relation to the major elements of the capital programme. It shows how the programme will be split over the next five years to meet the Council's investment aims.

**Table 2 Housing Investment Programme 2009/10 to 2013/14
- split between major elements of the programme**

	£000	%
Work to the Council's own Stock	119,533	58.8
New house building (RSL)	3,500	1.7
Overcrowding Strategy	19,400	9.6
Ocean Regeneration	28,708	14.1
Blackwall Reach	13,000	6.4
Grants to individuals / Work to Private Sector stock	11,750	5.8
Regeneration / Feasibility	7,274	3.6
TOTAL	203,165	100

5.4 The specific five year allocation to each element of the programme is as follows:

Table 3 - Housing Investment Programme 2009/10 - 2013/14 – Annual Estimated Expenditure by Sub-Programme Area

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	Total £000
<u>Housing Revenue Account</u>						
Regeneration						
Ocean NDC Regeneration	11,189	10,000	4,900	2,619	0	28,708
Blackwall Reach	2,000	4,000	7,000	0	0	13,000
Total	13,189	14,000	11,900	2,619	0	41,708
Tower Hamlets Homes						
Cash Incentive Scheme	500	500	500	500	500	2,500
Major Works to Council Stock	22,928	22,394	21,936	22,392	22,383	112,033
Capitalised Void Works	1,500	1,500	1,500	1,500	1,500	7,500
Total	24,928	24,394	23,936	24,392	24,383	122,033
Overcrowding Strategy						
Overcrowding Strategy	9,700	9,700	0	0	0	19,400
Total	9,700	9,700	0	0	0	19,400
Total HRA	47,817	48,094	35,836	27,011	24,383	183,141
<u>General Fund</u>						
Regional Housing Pot Targeted Funding	810	4,564	1,000	900	0	7,274
Disabled Facilities Grants	1,000	1,000	1,000	1,000	1,000	5,000
Private Sector Grants & Loans (inc Empty Homes)	850	850	850	850	850	4,250
RSL New Build	2,500	1,000	0	0	0	3,500
Total General Fund	5,160	7,414	2,850	2,750	1,850	20,024
Grand Total – Housing Investment Programme	52,977	55,508	38,686	29,761	26,233	203,165

6 COUNCIL'S OWN STOCK

- 6.1 The five year programme of works to the Council's own stock totals £119.5 million and is detailed in the report to the THH Board included at Appendix A.
- 6.2 At 1 April 2009 almost 50% of the Council's housing stock did not achieve the Decent Homes Standard. This report proposed that the Council allocates £24.5 million, 46% of the Housing Investment Programme in 2009/10 to work to its own stock. However, the definition of Decent Homes means that approximately one third of these resources are directed at essential work which has no effect on decency under the Government's definition e.g. structural repairs, renewing lifts, security improvements. Nevertheless, a decent homes pilot will be commenced this year which will provide an important baseline standard for the more major Decent Homes Programme which is to follow.
- 6.3 The Council has bid for some £250 million of resources under the Government's round 6 ALMO programme. These funds are essential to achieving the Decent Homes standard, but will not be available until 2011 onwards. Therefore within the proposed five year programme it is proposed to spend more than £7 million, over the next three years, on the Decent Homes Pilot ahead of this funding injection.
- 6.4 The total cost estimates detailed in Appendix A associated with year 1 (2009/2010) are budget estimates which usually reflect schemes that have been in the approved programme for some time and have been subject to detailed work. Schemes in year 2 (2010/2011) onwards are at an earlier stage of development and the figures associated with them will therefore be subject to further amendment.
- 6.5 The elements of the programme which are aimed at addressing stock improvement and repair (outside declared regeneration areas such as the Ocean Estate and Blackwall Reach) fall into a further four categories, i.e. schemes where:
- A number of building elements have simultaneously reached the end of their useful life
 - Major structural repairs are required
 - The works address the planned maintenance requirements of the stock and concentrate on a single item such as windows and roofs or rewiring and heating
 - The works address the need for improvements, usually to security, but also covering minor environmental improvements

- 6.6 Forward planning for major investment is essential as schemes often take considerable time to work up. Scheme changes can also be required following consultation with residents and statutory consultation with leaseholders before work can actually start on site.
- 6.7 At any point, schemes which have been prioritised are in one of three stages:
- on site
 - approved but being worked up to tender stage (including resident consultations on scheme details)
 - at initial proposal and budget stage ready for more detailed scheme development once approved

6.8 Consultation

- 6.8.1 An extensive consultation exercise was undertaken on the Housing Strategy before this was agreed by cabinet.
- 6.8.2 The draft five year programme was sent to all members to invite their comments, and all active Tenants and Residents Associations (TRA) were also asked to nominate potential schemes
- 6.8.3 Once the Housing Investment Programme has been agreed, Tower Hamlets Homes will start detailed consultation on the individual schemes. Their approach is outlined in section 5 of the attached Board report but in essence follows the following stages:-
- August – tenants and leaseholders informed of any scheme in the works programme which will affect their block and outlining the scope of works proposed.
 - Once the scheme is in the detail stage, all affected residents are informed of the proposal with relevant information. For larger schemes, meetings with residents will be arranged.
 - Section 20 consultation carried out with leaseholders.
 - Introduction of chosen contractors by letter, and meetings with the contractor and residents on larger schemes
 - Newsletters issued during scheme to update on progress. Further residents meetings on larger schemes.
 - Completion letters and satisfaction survey

7. REGIONAL HOUSING POT TARGETED FUNDING STREAM

7.1 The Council has successfully secured £7.274 million of capital resources to fund three projects, one of the highest allocations in London. These resources are made from the CLG as Section 31 grants, following a bidding round overseen by the GLA and the LDA.

7.2 The total allocation, which now needs to be formally adopted as capital estimates, is:

	£M
St. Clement's Hospital	5.500
Malmesbury Estate	0.990
Birchfield Estate	<u>0.784</u>
	<u>7.274</u>

7.3 St. Clement's Hospital

7.3.1 This is a derelict site owned by the Homes and Communities Agency (HCA) on which it is planned to build over 275 homes, of which 50% will be affordable. The bid was submitted with support from the HCA.

7.3.2 The Council is working with the HCA to bring back into use this 1.7 ha surplus public sector brown field land site with a building that has been added to the English Heritage Building at Risk Register. The building is Grade II listed and within a Tower Hamlets Conservation Area. It has appeared on the surplus public sector land register twice in the last five years. The former owners, the local NHS Trust, were unable to attract market interest in the site given the planning uncertainty caused by the heritage and conservation considerations.

7.3.3 In summary, the key objectives for this site are to:

- Enable comprehensive and integrated development on 1.72 hectares of brown field surplus public sector land;
- Demonstrate that high quality construction and design standards can be met on sites in conservation areas with heritage considerations.
- Provide a minimum of 275 housing units with an integrated mix of 35% social rented housing, and 15% additional affordable homes, maximising the amount of social rented properties available on the site
- 100% Lifetime Homes and 10% wheelchair accessible housing
- Achieve a favourable mix of family housing units to meet the immediate needs of Tower Hamlets residents.
- Dispose of the site to secure delivery of the healthcare facility and the housing development

7.3.4 Adoption of the Capital Estimate will permit the council to negotiate and enter into a grant agreement with the HCA to facilitate the regeneration of the St Clement's Hospital Site.

7.4 Malmesbury Estate Masterplan

7.4.1 The Malmesbury Estate in Bow, E3 comprises 600 homes, managed by Tower Hamlets Homes. A bid was submitted to help regenerate the physical environment of the estate. Whilst future Decent Homes investment (subject to the award of 'Two Star' inspection and available CLG resources) is planned for the estate, there are issues relating to its general layout; community safety issues; availability of community and socio-economic facilities in the area; and possible sites that could be redeveloped to provide new housing and replace and/or create new facilities that the community needs.

7.4.2 Adoption of the Capital Estimate will permit the Council to develop a consultation strategy with local stakeholders and procure a masterplanning team.

7.5 Birchfield Estate Masterplan

7.5.1 The Birchfield Estate in South Poplar, E14 comprises 348 homes, managed by Tower Hamlets Homes. A bid was submitted to help regenerate the physical environment of the estate, with specific reference to revisiting the proposals to redevelop Thornfield and Elderfield Houses. These proposals were developed during the 'Housing Choice' process by Swan Housing Group with support from the Council. These proposals were not the subject of a ballot at the time, but were nonetheless subject to considerable consultation with residents.

7.5.2 Whilst it is proposed to revisit the proposals to redevelop these two blocks, it is also proposed to consider options for the rest of the estate in order to understand whether any further redevelopment is feasible or desirable. Whilst future Decent Homes investment is planned for the estate, there are similar issues relating to the general layout of the estate; community safety issues; availability of community and socio-economic facilities in the area; and possible sites that could be redeveloped (Elderfield and Thornfield Houses specifically) to provide new housing and replace and/or create new facilities that the community needs.

7.5.4 Adoption of the Capital Estimate will permit the Council to develop a consultation strategy with local stakeholders and procure a masterplanning team. This scheme also includes a contribution from an RSL partner, Swan Housing Group, to contribute towards the masterplanning stage, although this does not pre-determine a choice of RSL partner.

8. RIGHT TO BUY BUYBACK ACQUISITIONS

- 8.1 At its meeting on 6th May 2009 Cabinet agreed to adopt a capital estimate of £19.4 million in respect of acquisitions for the Right to Buy buybacks. The aim of this part of the Housing Strategy was to increase the stock of family sized homes in order to assist overcrowding.
- 8.2 The May Cabinet report agreed that smaller homes could be re-purchased if they are adjacent to existing overcrowded households and this could facilitate knock throughs. However, it would also be useful to be able to purchase some two bed units to facilitate the programme. Members are therefore asked to extend the programme to include two bed properties.

9. DECENT HOMES PROCUREMENT

- 9.1 To date, the rolling five year capital programme has focused on:
- (i) Single-element schemes which address the planned maintenance requirements of the stock and concentrate on a single building element such as windows, roofs, rewiring, heating or lift replacement (34%).
 - (ii) Multi-element schemes where a number of building elements have simultaneously reached the end of their useful life or major structural repairs are required (61%).
 - (iii) Schemes addressing the need for improvements usually to security but also covering minor environmental improvements (5%).
- 9.2 The only works to the internal elements of individual dwellings has been boiler renewals, essential rewiring and installing new kitchens and / or bathrooms in void properties. The draft investment programme includes four pilot decent homes blocks. These blocks were originally in the investment programme for external repairs and associated works and are considered suitable for carrying out additional decent homes works as pilots to provide experience of the type of internal works involved.
- 9.3 On the assumption that Tower Hamlets Homes will be successful in accessing additional ALMO funding, a review of the current five year investment programme is being carried out in tandem with developing a more comprehensive Decent Homes programme that will replace it. This will address the need for internal modernisation works and key external elements (windows and roofs) to meet the Decent Homes standard, as well as other essential repairs.
- 9.4 Schemes in the current investment programme will be delivered through existing contracts, individual tenders or new interim frameworks

for each major element of works that are in the process of being procured. These interim frameworks can be used for a period of up to four years. Some, such as lift refurbishment, will continue for this period. Others, such as window renewal, will be replaced by the main Decent Homes frameworks.

- 9.5 The procurement of the main Decent Homes frameworks, covering both internal and external works, will commence later this year with an anticipated start of the programme in the second half of 2010, subject to the release of the additional ALMO resources. Thus there will be a transition to the Decent Homes programme from the second year of the current five year programme. It is necessary to commence the Decent Homes procurement process now in order to ensure that the frameworks are in place once the government agrees the funding on achievement of 'two star' status.
- 9.6 Separate Decent Homes frameworks will be procured for internal and external works. The works required are currently being analysed to determine the optimum balance between specialist elemental contracts and more comprehensive refurbishment contracts. Both internal and external / communal works will be programmed over the whole Decent Homes period on a geographic basis in a way that maximises the achievement of decency whilst minimising site set-up and other preliminary costs.
- 9.7 A new comprehensive stock condition survey (including assessments against the Decent Homes standard and the Housing Health and Safety Rating System (HHSRS), SAP ratings, Energy Performance, and asbestos survey) is required to identify the exact works required to each dwelling and block.
- 9.8 Tower Hamlets Homes will be responsible for managing the procurement process and putting in place robust project planning and financial monitoring processes. However the contracts will be procured on behalf of the Council and Cabinet is therefore asked to agree to commence the procurement process.
- 9.9 It is currently estimated that the cost of this exercise will be:

	2009/10 (£000's)	2010/11 (£000's)
Project Management	120	100
Procurement & Delivery Consultancy	130	250
Legal	50	250
TOTAL	300	600

- 9.10 In addition, the projected costs of the stock condition survey are estimated to be some £2 million.

10. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 10.1 The report outlines the estimated resources available to the Housing Investment Programme over the period from 2009/10-2013/14. Resources from the Council's Local Priorities Capital Programme are dependent upon the availability of funding from the sale of Council assets and spending priorities to be determined by Members as part of the Budget and Medium Term Planning process. Certain other allocations, such as those for Supported Capital Expenditure and Major Repairs Allowance are subject to annual announcements by the Government. Where funding is provided in the form of supported borrowing, provision will need to be made within revenue budgets for the associated costs. The report seeks the inclusion of schemes in the Capital Programme in so far as funding is available and the adoption of appropriate capital estimates.
- 10.2 Members should note that it is essential that resources are retained to fund agreed commitments in respect of regeneration schemes in future years. The Ocean New Deal for Communities scheme funding profile has now been amended in conjunction with the Government Office for London over the remaining years of the scheme. The current DCLG funding profile is for 2009-10 expenditure to be fully grant funded, with the Authority's committed resources being input over the three financial years from 2010-11 to 2012-13.

This means that some mainstream resources that were previously estimated to be required in previous years' projections are now not currently committed in 2009-10. However if Cabinet is minded to approve a programme of approximately £12.5 million over the period from 2010-11 to 2012-13, then it will require approximately £5 million of resources to be made available in 2010-11 and 2011-12, with the balance in 2012-13. In order to be able to fulfil this commitment, it is essential that unallocated resources are carried forward into 2010-11. Whilst there will inevitably be slippage and programme schedule amendments as further survey work is undertaken, clear and effective programme management and monitoring procedures are required, both within Tower Hamlets Homes and the Council, to ensure that year on year expenditure is contained within resources available.

- 10.3 Members are asked to approve the adoption of capital estimates for the following projects which are being funded by the Regional Housing Pot Targeted Funding Stream:

St Clement's Hospital	£5.50 million
Malmesbury Estate	£0.99 million
Birchfield Estate	£0.78 million

Grant income of £7,274,000 was received in April 2009 and is restricted towards the financing of these projects.

- 10.4 Paragraph 9 of the report identifies the need for, and likely costs of procuring the Decent Homes Programme which is estimated to be £300,000 in 2009/10 and a further £600,000 in 2010/11. In addition a thorough stock condition survey is required. This is deemed to be a pre-requisite for effective management of the programme. The cost of surveying all of our stock is estimated to be some £2 million. The survey will be delivered over a 2 year timeframe, and the likely cost in 2009/10 is £750,000.
- 10.5 It is anticipated that the programme development costs will deliver longer term efficiency savings through use of more cost effective delivery vehicles and improved asset management. However, an assessment of how these additional costs can be fed into the Council's medium term HRA financial strategy will be assessed as part of the Council's financial outlook process, for which there is a separate report on this agenda, and the next review of the Housing Investment Programme which will be undertaken by March 2010.
- 10.6 With regard to the 2009/10 costs identified in paragraph 10.4 above, these can be funded from overall HRA reserves available for the current financial year. However that will reduce reserves to the minimum that officers deem to be prudent provision to mitigate financial risk, and is predicated on revenue expenditure being contained within 2009/10 and future years' revenue income.
- 10.7 In a capital programme of this size over such a long period, there will inevitably be changes to the scope and timing of some schemes as they are worked up and detailed consultation takes place. It is therefore important that sufficient flexibility exists within the programme to ensure that any such necessary changes are accommodated without the risk that available housing capital resources are not spent in full in any year. To this end the comments set out in paragraph 14 below are supported.

11. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

- 11.1. Cabinet is asked to approve the housing investment programme, together with associated capital estimates.
- 11.2. As the local housing authority for Tower Hamlets, the Council has broad functions in relation to reviewing housing need, providing housing, combating overcrowding and providing accommodation to the homeless. The Council is also responsible for maintaining its housing stock. It is consistent with good administration for the Council to adopt a 5-year investment programme related to the delivery of its housing function.
- 11.3. The Financial Regulations set a threshold of £250,000, above which Cabinet approval is required for a capital estimate. The Financial Procedures supplement this requirement. In accordance with Financial Procedure FP 3.3, senior managers are required to proceed with projects only when there is a capital estimate adopted and adequate capital resources have been identified. Where the estimate is over £250,000 the approval of the adoption of that capital estimate must be sought from the Cabinet.
- 11.4. The information presently available for the housing investment programme sets out maintenance and repairs to be carried out in relation to specified properties. This appears consistent with the Council's repair obligation under section 11 of the Landlord and Tenant Act 1985. There is no legal impediment to the approval of those elements of the program and the associated capital estimates. It will be for officers to ensure that individual commitments are carried out in accordance with legal requirements.
- 11.5. Cabinet is asked to agree that the Council and Tower Hamlets Homes commence the procurement process for the Decent Homes Program. The detail of the proposed process is not provided and it will be for both council officers and Tower Hamlets Homes to ensure that any procurement is carried out in accordance with legal requirements. The estimated procurement budget contains provision for legal services.

12. ONE TOWER HAMLETS CONSIDERATIONS

- 12.1 In assembling the Housing Investment Programme, regard must be given to the range of different needs exhibited within the local population and the extent to which the programme can address these needs. It is essential that the Housing Investment Programme be developed on a rational basis of the kind set out in paragraphs 4.1 to 4.4 above in order to ensure that scarce resources are applied where they are most needed.
- 12.2 Three equality impact assessments have been carried out into the processes by which the Council delivers the Investment Programme to residents:
- Procurement and management of contracts to major works contractors.
 - Development and delivery of major works schemes
 - Major works consultation
- 12.3 By carrying out impact assessments of the three main processes/functions that deliver the investment programme to residents, a number of service improvement recommendations have been identified and resulting actions have been included in Team Plans.
- 12.4 This report concerns progress in formulating housing investment programmes. The extent to which this can be achieved and programme targets reached will have a direct bearing on helping to achieve the Council's objectives in regard to tackling some of the material effects of poverty in the borough.

13. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 13.1 The Housing Investment Programme contains specific provision to improve the energy efficiency of the Council's own stock. For example, a significant proportion of the Council's annual programme consists of renewing outdated, less efficient boilers with modern equivalents. In addition, all schemes, especially those involving new roofs, windows, heating and insulation are developed to maximise energy efficiency benefits. Work is also being undertaken to further develop this aspect of investment as part of the improvement plan arising from the Best Value review of the Council's major works function. These aspects of the programme help to ensure that resources are directed appropriately at local Agenda 21 objectives.
- 13.2 The Council's Strategic Plan 2005/06 contained the commitment to develop recycling proposals within the Council's major works schemes

and as a result all existing partnering contracts now have a standard agenda item for pre-contract meetings to discuss with the contractors the need to seek to recycle materials as part of the contract works.

14. RISK MANAGEMENT IMPLICATIONS

- 14.1 Minimising the Risk of Underspending. The Housing Investment Programme is assembled with regard to the fact that schemes, especially those which are currently uncommitted, can often suffer delays. Overprogramming is therefore built into the operation of the programme in order to provide the flexibility required to quickly reprogramme in the case of any scheme where unforeseen delays occur.
- 14.2 Minimising the Risk of Overspending. No funding beyond that already confirmed and available for the current year has been assumed and regular monitoring of the programme is carried out to ensure that unacceptable levels of contractual commitments are not allowed to build up both in the current and future years.

15. EFFICIENCY STATEMENT

- 15.1 The contracts used to undertake the Council's major works programme have been organised in line with the findings of the Best Value review of the service and makes use of partnering principles to reduce overheads and tendering costs to a minimum in order that the service may operate in as efficient a way as possible.

Appendices

Appendix "A" - Report to Tower Hamlets Homes Board – July 2009 including Schedule of Schemes proposed as Tower Hamlets Homes Capital Programme – (HRA) 2009-10 to 2013/14

Local Govt. Act 1972 (as amended) Section 100D
List of "Background Papers" used in the preparation of this report. x

Brief Description	Tick if copy supplied for Register	If not supplied, name & tel. no. of holder
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