

Our ref: MGLA130416-9024

By Email

Date: 10 May 2016

Dear

Re: L.B. Southwark decent homes funding, ref. MGLA130416-9024

Thank you for your request for information, which the GLA received on 12th April 2016.

Your request has been dealt with under the Environmental Information Regulations 2004 (EIR). The information requested is 'environmental information' as it meets the definition set out in regulation 2(1)(c) of the EIR.

You asked for the following.

- *Details of Southwark Council's Application/Bid for the Financial Year 2015/16.*
- *Copies of the 6 Supporting Statements that accompanied the bid.*
- *Details within Appendix 1 to the Decent Homes Allocation Decision document, published on the 4th November 2014 (attached) that relates to treatment of leaseholders.*

We can release all of the supporting statements you have requested (see attachments), along with the following information from the L.B. Southwark decent homes bid.

The bid did not name specific blocks or estates: it was based on the number of homes which were part of a backlog that did not meet the Decent Homes standard. It included the following figures for decent homes works.

Breakdown of works required to bring property up to Decent Homes Standard	Number of properties
Kitchen	352
Bathroom	214
Windows	739
Doors	58
Rewire	739
Roofs	190
Structural e.g. Brickwork	739

The following is wording we can release on treatment of leaseholders, which is from appendix 1 of the allocation decision document.

4.11 In the assessment and management of the 2015/16 Decent Homes programme

the Mayor committed to ensuring that the financial impacts on leaseholders were considered and borough landlords would be encouraged to offer appropriate support to their leaseholders.

4.13 The majority of bidders said that they did not think that the leaseholder cap would impact greatly on the stock that needed the decent homes funding and where it did they would cover any difference above the £15K cap from their own resources.

4.14 The minimum expectation of deferred loans and interest free periods was offered by the majority of bidders, with most offering a suite of options over a longer period of time than the initial two years.

Other information in the bid falls within one of the exceptions to our duty to disclose under regulation 5 of the EIR:

Under 12 (5) a public authority may refuse to disclose information to the extent that its disclosure would adversely affect (e) the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest;

Under regulation 12(1)(b), the public authority can only withhold the information if, in all the circumstances of the case, the public interest in maintaining the exception outweighs the public interest in disclosure.

The 'public interest' is not what might be of interest to a member of the public but what is in the interests, or the greater good, or to the benefit of the public at large. We must 'balance' the public interest and decide whether the information should still be withheld, bearing in mind the general presumption in favour of disclosure under the EIR.

Assessing all the considerations relevant to your request, we consider that the balance of the public interest favours maintaining the disclosure-exception provisions under regulation and 12(5)(e) at this time. Our rationale is to be found in the annex below.

I hope the enclosed information is of interest and would again thank you for your patience and understanding in this matter. If you have any further questions relating to this matter, please contact me, quoting the reference at the top of this letter.

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at <https://www.london.gov.uk/about-us/greater-london-authority-gla/sharing-our-information/freedom-information>

Additionally, you asked how the GLA is ensuring that local authority submissions for funding are fully addressing the issues faced by leaseholders and providing appropriate protections and access to information about the works to leaseholder owned properties. As the above wording from appendix 1 indicates, we considered some of these issues when assessing the bids for funding.

Yours sincerely,


Area Manager

Statement 1

LAHS Data

- To comment on any inaccuracies from the LAHS data and the actual position with regards to levels of non decent backlog homes.
- (Backlog Non-Decent Homes mean those homes that were non decent at April 2012 and still remain non decent at April 2015. Newly arising during this time are not eligible for funding.)

There are no inaccuracies to report in respect of the LAHS return recently submitted for 2013/14: however, the figure for non-decency reported at April 2012 (16,558) was underestimated due to the high proportion of cloned data held in the Asset Register at that time (77%). Since then the percentage figure has dropped to 60% as a result of our ongoing programme of stock condition surveys, but the replacement of cloned/copied data with real survey data has highlighted the understatement of our level of non decency at that time.

The impact of this on our current Backlog Non-Decent Homes figure has meant that the true backlog position during the period specified for this funding bid is understated, as additional Decent Homes works have been required in the interim to those properties being made decent under our current Warm, Dry & Safe (WDS) investment programme.

Statement 2

Value for Money

- Give details of value for money on each cost element including details of contractor frameworks and buying clubs to demonstrate, efficiency and economies of scale.
- Please note here any impact of the leaseholder charge cap direction on vfm.
- Whether a council has secured other funding which is dependent on their Decent Homes delivery (e.g. energy supplier obligation funding).

See attached statement 2.

Statement 3

Funding stock under 10% non-decent

- Please give explanation of why you require funding for the last 10% of non-decent backlog stock. Include details of type, age and built form of the more challenging and expensive stock

Not applicable.

Statement 4

Capping leaseholder charges

- A) Included within spreadsheet submission
- B) How will the council fund the extra costs on each estate, if the £15K cap is lower than the estimated works costs for resident leaseholders?
- C) What help financial or otherwise will the council be giving to all affected leaseholders, such as loans or deferred payment arrangements? The expectation would be that a minimum of 2 years deferred interest free payment would be available.
- D) Please provide a sample of the council's documentation showing how the estimated charges are explained to leaseholders. This will include; alerting resident leaseholders to the cap, description of works, a breakdown of charges for the main elements of the works, overheads, contingency, dispute protocols and how any savings are distributed to leaseholders where profit sharing arrangements exist.
- E) Confirm commitment to publish procurement strategy

Please email responses to DecentHomes15-16@london.gov.uk e-mail title should read 'Supporting Statement 4' and name of Local Authority

Statement 5- Environmental retrofit

In the context of this programme the definition of environmental retrofit works are any that reduce energy use in homes, and therefore reduce carbon emissions. Works can include, but should not be limited to: Loft, wall and floor insulation, draught proofing, heating repairs, replacements and controls, window glazing, micro-generation technologies, decentralised energy solutions and district heating connections.

1 Please describe your authority's ambitions in regard to environmental retrofit including reference to relevant strategy documents.

This section should describe how retrofit works will be undertaken alongside your authority's Decent Homes funding, as well as any targets the authority has set in relation to environmental retrofit within its own stock, other social housing stock and stock in the private sector.

See attached statement 5

Please provide the following details about the environmental retrofit works that will be undertaken alongside your authority's Decent Homes programme in 2015/16, as well as any planned environmental retrofit works planned for the following two years.

2 Number of homes What is the estimated number of homes in each of the following years that will be retrofitted?
Please note in 2015/16 the number resulting from the Decent Homes work programme, and identify for each year the number associated with other planned works (if any).

2015/16
5858

2016/17
5858

2017/18
5858

3 Carbon savings What are the estimated annual carbon savings (annual tCO₂) in each of the following years from environmental retrofit?
Please note in 2015/16 the number resulting from the Decent Homes work programme, and identify for each year the number associated with other planned works (if any).

2015/16
6123

2016/17
6123

2017/18
6123

4 Capital expenditure What is the estimated capital expenditure in each of the following years on retrofitting homes?
Please note in 2015/16 the number resulting from the Decent Homes work programme, and identify for each year the number associated with other planned works (if any).

2015/16
£51,800,960

2016/17
£54,391,008

2017/18
£57,110,558

5 Funding

5a Please outline the specific sources of funding that you will combine with your Decent Homes grant funding in order to fund retrofit works?

Funding to combine the council's Decent Homes grant funding to deliver retrofit works will be allocated from:

- HRA capital provision
- HRA revenue provision
- Potential extension of ECO contract with British Gas.
- ECO contracts with other utility providers.

5b What is the status of the above funding, i.e. funding identified, bid/proposal submitted, funding secured, or other (please specify?)

Further discussions are underway to extend the current ECO contract with British Gas.

6 Procurement Please outline the proposed procurement route you plan to take.

The council has no need to carry out any further procurement.

7 Timescale for delivery Please outline the timescale for the process of retrofitting as a result of your Decent Homes programme.

Retrofitting is an on-going process of delivery and will continue in association with the council's Decent Homes programme not just for those properties identified for backlog funding but continuously as a rolling-programme tackles those properties that fall out of decency in future years.

Statement 6

Delivery Record and Infill Development

- Provide statement of level of funding within the previous programme budget for 2012/15 (if applicable)
- Statement on track record of delivery by the organisation managing the capital programme; having frameworks with contractors for an appropriate volume of programme already procured, annuals performance
- Infill statement: overall potential for increasing the density within an estate, whether this includes larger scale demolition of parts of the estate alongside decent homes works. The timescales for the overall estate regeneration proposals and detailed plans as applicable. If not applicable an explanation as to why is required.

Current backlog funding 2012-201

Year Current revision

2012/13 £12,113,839

2013/14 £32,460,674

2014/15 £32,369,487

TOTAL £76,944,000

At the end of March 2014, over £180m had been spent for the first three years of the Warm, Dry & Safe programme and spending continues to accelerate. The annually set target for 2012/13 to spend £63m was achieved, in 2013/14 WDS spend was £82.5m against a target of £80m and the programme is forecasting to meet the target of £90m spend for 2014/15. Over £25m has been spent to August 2014.

	2012/13	2013/14	2014/15
Spend	£64.5m	£82.5m	On target
Target Spend	£63m	£80m	£90m

Southwark has three partnering framework contracts in place covering different areas of the borough. This has already delivered a huge and accelerating capital programme as part of delivering Warm, Dry and Safe to homes across the borough.

A full update on the programme is available on the council website:

<http://modern.gov.southwark.gov.uk/documents/s47492/Report%20and%20appendices%20Major%20Works%20Status%20Report%20incorporating%20Warm%20Dry%20a>

nd%20Safe.pdf

Southwark Council is committed to using every tool at its disposal to increase the supply of all kinds of homes across the borough, including new council homes. In 2011 Southwark set up an independent housing commission. The commission reported back in October 2012. It was followed by extensive engagement with residents on the future of council housing. Following this engagement cabinet made a commitment to build 11,000 new council homes by 2043, the first 1,500 of which will be built by 2018.

The schemes comprising the first phase of this direct delivery were agreed by cabinet in October 2012. Since then

- Eight of the schemes have secured planning approval, with two currently in the process
- Five have commenced on site.
- Twenty four “Hidden Homes” have been identified and are in the programme.

Sites have also been identified for Phase two and three and are being assembled.

Southwark has a long and successful record in delivering estate regeneration. The Heygate and Aylesbury estates are exemplar examples of successful regeneration and a second phase of smaller estate regeneration at Maydew House and Sceaux Gardens will signpost the way the council delivers estate regeneration in the future.

The council has developed an asset performance evaluation tool that provides information on the performance of the stock and can be used by the council to test alternative scenarios. This will be the council’s strategic planning tool that it will own and maintain and update over time to review its short-, medium- and long-term strategy for its assets. It will support the development of the 11,000 new council homes programme by identifying sites where investment and renewal will deliver better outcomes for both the council and its residents.

The head of major works will become responsible for the new build programme alongside the responsibility for the current Warm, Dry & Safe programme and the ongoing housing investment in the existing stock.

(continued from previous page)

Decent Homes Statements Southwark Statement 2

Statement 2

The procurement process for the major works partnering contracts as a whole went through a rigorous process that tested the submitted tenders both in terms of quality and price. The costs obtained for these works packages are based on the rates tendered within the overall partnering contracts with spot one-off items being subject to separate quotes.

For works awarded under the framework contracts the proposed works will be delivered under a long term partnering agreement with a number of contractors.

Contractors were assessed for both quality and cost with leaseholders' and tenants' representation involved in the process. The contractors submitted prices for different types of works and set up costs and these were evaluated overall to see which represented best value. As such, whilst individual items may seem more expensive this will be balanced by more competitive rates elsewhere.

All works packages delivered through these contracts are further vetted by our appointed quantity surveyors to ensure continued value for money.

Where non-standard components are used which have not previously been priced, the contractors will be asked to provide a minimum of 3 quotes.

A key benefit of partnering should be lower component costs achieved through the supply chain, although this requires both long-term commitment and certain guarantees regarding minimum expected works, and it is recognised that robust monitoring procedures must be in place. The contractors have entered into long-term arrangements with suppliers to drive down the costs of commonly used components such as windows, roofs and front doors, as part of this price harmonisation process.

Works not awarded through the partnering contracts are individually tendered and the contractors are chosen using best value criteria appropriate to the particular contract employing a balance of price and quality analysis of the tender return.

Southwark Council considers the major works programme it has in place, including utilising Decent Homes backlog funding, as an opportunity to create employment and training opportunities for local residents. It is estimated that each million pounds of expenditure creates approximately 16 new jobs dependent on the type and scope of works. With its three main partner contractors, these opportunities are maximised for local residents on estates. All related job opportunities are advertised on the estate being worked on and other avenues such as Job Fairs are also used.

In addition to the extra employment opportunities, Southwark Council uses its purchasing power to expand local education and training opportunities for residents. The employment of apprentices is a Key Performance Indicator (KPI) for Southwark's partnering frameworks through which the bulk of work is committed. For every £1m spent each year, the contractors are expected to provide at least one apprenticeship or matching training opportunity and this is monitored quarterly through the KPI process. In addition Southwark has a long-term framework with two professional technical firms who also work with local schools to provide work placements and other training opportunities.

There are a series of KPIs which are used to assess the overall performance of the contractors. These measure the performance of the contractors across key areas of their work. These include resident satisfaction, client (Council) satisfaction, timeliness of work, value for money and local employment and training opportunities offered by the contractors. KPIs are monitored quarterly and the heavy weighting of the value for money KPI is has resulted in none of the existing contractors applying inflationary uplifts to their rates thus far, despite provision within the contract frameworks.

The results of the KPIs are reported to Core Group which monitors the overall performance of housing contracts. This is chaired by the Cabinet member for Housing Management and includes resident representatives from across the borough. There will be an end of year statement to Core Group on the contractor's performance and recommendations on actions required to improve performance by the contractors.

The council's procurement processes ensure value for money and any efficiency achieved through these are passed on to both leaseholders and tenants.

Decent Homes Statements Southwark

Statement 4

A) Included within the spreadsheet submission.

B) How council will fund extra costs, if the 15k cap is lower than the estimated works costs for leaseholders?

Section 74 of the local government & housing act 1989 provides for a ring-fenced housing revenue account (HRA). Circular 8/95 clearly provided the vehicle for service charges to be accounted for within the HRA (despite the flat being sold the communal still remains within the HRA).

Therefore any deficit incurred by capping the service charge at £15k must therefore fall to the HRA.

C) Financial help

Southwark offers a wide and extensive range of payment options to leaseholders including:

- Interest free payments (36 months as standard)
- Service charge loans
- Interest & capital
- Interest only
- Payment on disposal
- Equity share
- Equity loans
- 10 years with interest



2014-2015 Major
Works Service ...



2014-2015

Service Charge Help

Relevant committee reports



Leasehold
Service Charge Loan:



Equity Loan Equit
Share IDM 25...

D) Samples of the Councils information on how estimated charges are explained to leaseholders

Service charge explained leaflet, s20 notice, Tenants rights and obligations leaflet



2014-2015



NEW 2012 13



Schedule 3 -



2014-2015

Annual Service Charge Service Charges Act. Notice of Intention to Vary of Tenants

This is the current documentation that will need to be amended to include information on the cap if the bid is successful.

E) Details of our current partnering contracts are published on the Southwark Council website. These details will be updated with any changes to our procured contractual arrangements.

http://www.southwark.gov.uk/info/200510/major_works

Decent Homes Statements Southwark

Statement 5

Since the introduction of its Warm, Dry & Safe programme, Southwark Council has carried out substantial works that have improved energy efficiency in our residents' homes and as a result reduced carbon emissions.

Warm, Dry & Safe is a 5 year programme with investment of over £326m. The works include a wide range of measures that support the council's commitment to improve the lives of local residents and provide affordable warmth. The investment has led to innovative partnerships which have levered in additional works funded by energy companies to maximise the utility of the council's own investment funding and improve the energy performance of the housing stock.

At the start of our programme council officers met the GLA Sustainable Energy Team to seek advice on the planned work. The council would welcome further dialogue on its ongoing programme and the opportunity to explore potential joint opportunities.

Detailed below are examples of the schemes that have been delivered and will be continued throughout the remainder of the Warm, Dry & Safe programme.

- Renewal of existing single-glazed windows that are beyond repair with the provision of new double-glazing, including integrated insulated panels to our system built blocks.
- Renewal of existing flat-roof coverings that have reached the end of their life, including the installation of new insulation and in some cases changing the structure of the existing roof to improve energy performance.
- Providing external wall insulation to blocks of solid-brick construction type.
- Innovative schemes to provide cavity wall insulation to all high rise blocks using abseiling instead of scaffolds.
- Cavity wall insulation to all our low rise blocks.
- Large programme of individual boiler replacements.
- Renewal of expensive warm air systems with modern, energy efficient heating and domestic water heating systems.
- Programme to upgrade district heating boilers and distribution systems.
- Renewal of district heating primary and secondary mains incorporating insulation to all these runs.
- Building Energy Management Systems(BEMS) – monitoring systems installed to ensure efficient operation and energy saving. The systems have the dual benefit of acting as an automatic monitoring and targeting system, monitoring, measuring and analysing consumption to assist with carbon reporting and improving efficiency. This enables users to collate, analyse and transform this data into meaningful information, allowing them to monitor energy consumption, identify waste, highlight areas for improvement and benchmark consumption against other similar buildings or organisations.
- Innovative scheme with SELCHP to provide combined heat and power heating to 3000 homes from their refuse and recycling plant.
- Pilot project providing solar power units to an estate in Bermondsey.
- Provision of internal dry lining to bathrooms and kitchens in properties with solid brickwork walls where kitchens and bathrooms are being renewed.

Over the last 2 years Southwark Council has developed a unique partnership with British Gas. This partnership provides additional energy efficiency measures and

because the works have external funding, they do not impact on leaseholders' service charges. A number of projects have already been completed and others are in the pipeline that will utilise this partnership.

British Gas has entered into contract with the Council and is working to deliver environmental improvements including roofs, windows and cavity and external wall insulation. The actual work is at a nominal cost to the council. A review of the benefits of this partnership will be undertaken and reported upon conclusion of the work. The following work was completed by March 2014:

- 2100 cavity wall insulations (CWI) filled
- Double-glazed windows at Wade House and Bardell House (Dickens Estate)
- External wall insulation (EWI) completed at Mortain House, Radcliffe House (Manor Estate), Wade House, Bardell House and Spenlow House (Dickens Estate)
- Insulated flat-roofs completed at Wade House, Bardell House and Spenlow House (Dickens Estate)

A letter has been provided by British Gas in support of this bid.



Decent Homes - ECO
letter of support 17.C

In addition to working with British Gas, the council was able use its partnering framework to secure over £160k in ECO funding for roof works at two blocks (Drayton House and Langland House).