


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">1 July 2019</p>	
<p>ASSET MANAGEMENT COMPLIANCE STRATEGY AND CAPITAL PROGRAMME</p>	
<p>Report of the Cabinet Member for Housing – Councillor Lisa Homan</p>	
<p>Open Report</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Consultation</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Jo Rowlands, Strategic Director for The Economy</p>	
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1. EXECUTIVE SUMMARY

1.1. The programme covers a four-year period and the main headings of the work are:

- **Pre-agreed works:** including former Mitie works put on hold, on-going lift and boiler replacement works.
- **Fire Safety Compliance:** highlighted in the Housing Compliance and Asset Management Strategy, including works on the complex schemes, properties above 10 storeys and fire safety works.
- **General Safety works:** including electrical, gas safety, asbestos and structural works which as the responsible landlord the council is obliged to undertake.
- **Void works:** on-going programme of major voids improvement work.
- **Surveying and fees:** these are associated costs to undertake capital works and provides for stock condition surveying and technical planning so that council can prioritise health and safety compliance works.

1.2. The overarching priority of the programme is to deliver the overall aims of the Asset Management Strategy agreed by Cabinet in December 2018 which focusses on health and safety and compliance.

2. RECOMMENDATIONS

It is recommended that cabinet:

- 2.1 Approve the capital spending programme set out in this report at Appendix A, this to include commencement of the programme to be contained within the approved HRA capital programme budget up to £121,929,000.
- 2.2 Extend the delegation given to the Cabinet Member for Housing on 20 September 2018 to award all contracts forming part of the Housing capital programme in accordance with the approved procurement strategy to include expenditure incurred in the financial year 2022/23.

3. REASONS FOR DECISION

- 3.1 The Council is the responsible landlord for over 17,000 homes across Hammersmith and Fulham. The resources required to maintain this housing stock are significant therefore a strategic approach to long-term investment is needed to ensure we achieve the Council's objectives. These objectives are set out in the Housing Asset and Compliance Strategy agreed by Cabinet in December 2018 which prioritises work to delivery Fire Safety Plus, other health and safety compliance works and pre-agreed works.
- 3.2 The Council's number one priority is the safety and welfare of all residents. This programme will ensure the Council delivers against this duty of care towards its residents by following a compliance-based approach in investment decisions about the housing stock.
- 3.3 The Leaders Urgency decision dated 20 September 2018 "Business Case & Procurement Strategy in Relation to use of Third-Party Frameworks for the Provision of Housing Capital Works and Consultancy Services" delegated authority to the Cabinet Member for Housing to award all contracts forming part of the HRA Capital Programme for spend incurred through to 2020/21.

4. PROPOSAL AND ISSUES

4.1. Pre-agreed works

There are a number of works the council has previously committed to deliver through the use of capital frameworks listed at Appendix A of this report. The total value of these schemes is £19.636 million. The schemes included are:

600 and 602 Fulham Road
37 Margarine Gardens
Talgarth and Barons, Various Non-S20 Street Properties
Sullivan Court Phase 1 - C, D, E, F, G, L
Ashchurch, Frithville, Hadyn, Charnock and Aspen
Lytton Estate

Walham Green Court
Maystar
Street Properties
Sullivan Court Phase 2
Estate Roads
Field Road Ball Court

4.2 **Pre-agreed lift and boiler works**

The council has previously agreed a lift replacement programme and the installation of boilers and new heating systems. The total value of this work for lifts is £7.535 million and £6.365 million for boilers. The specific details of these schemes are listed in appendix A of this report.

4.3 **Strategic context**

H&F Fire Safety Plus

In October 2017 the Council launched *Fire Safety Plus*. This committed the Council to achieve the highest possible standard of fire safety across its housing stock. The Fire Safety Plus made available £20 million of capital funding for fire safety testing and capital works which was agreed by Full Council on 18 October 2017. It set out our commitment to meet the aims:

- Do more than the minimum requirement to keep residents safe
- Ensure that homes across Hammersmith and Fulham are safe and compliant
- Undertake a thorough review of fire safety in all communal blocks
- Organise a programme of work to install new fire doors, enhanced fire-fighting equipment, facilities and automated detection.

The Council committed to not charge leaseholders for Fire Safety work.

Compliance Based Asset Management Strategy

The Asset Management Strategy (approved by Cabinet in December 2018) establishes how the Council will prioritise investment in housing over the course of the next four years. The Strategy makes clear the Council's commitment to achieve a compliance-based asset management approach to its housing stock and through its capital programme deliver a higher standard of fire safety and compliance.

Hackitt Review

Underpinning the Council's approach is the Government's Hackitt Review. The key strategic aims are incorporated into the Council's Asset Management Strategy. The adoption of the recommendations in the Hackitt Review will ensure the Council manages housing in line with best practice. The key themes of the review are:

- Clear roles and responsibilities to ensure a stronger focus on safety
- Enhanced layers of fire safety for buildings 10 storeys and above
- Clear governance and record keeping of investment decisions
- Robust record keeping of all changes made to detailed plans

- Clear rights and obligations for residents to ensure fire compliance

4.4 **Delivering Fire Safety Plus**

This report sets out how we will deliver Fire Safety Plus through the Council's capital investment, there has been a significant amount of work already delivered in to improve fire safety across Hammersmith and Fulham. This includes:

- Appointment of fire safety experts and fire safety specialist teams to assess and deliver the fire safety programme
- Fire Risk Assessments (FRAs) for all our buildings undertaken to industry best practice
- Publishing on the Council's website all FRAs for buildings which are over 6 storeys and above. We have also provided access for residents to request a copy of their Fire Risk Assessment.
- We have undertaken over 1000 Fire Safety Plus visits; the visits include: carrying out PAT tests, checking fire detection, identifying structural alternations and fire safety works, providing residents advice and where necessary providing replacement white goods.
- Regular liaison with the London Fire Brigade's (LFB), Hammersmith and Fulham Borough Commander. Launching of the Council and LFB Fire Safety Plus Partnership.
- We have Fire Wardens, patrolling the Council's higher risk blocks providing assurance to residents across Charecroft and Edward Woods Estate and Hartopp and Lannoy Points.
- Weekly housing management fire safety plus 'walk throughs' of all blocks. These walk throughs are best practice and mean the Council is proactively dealing with fire safety issues such as items left in communal areas which impact on resident safety.
- Implementing a new compliance IT system so that the Council can more effectively manage fire risk across the borough.
- Launched a new Direct Labour Organisation which is undertaking an extensive programme of Fire Safety Plus compliance enhancement works, including upgrading fire detection, signage and compartmentation.
- As part of the Council's commitment to work with residents, the resident fire safety group (FRAG) has been established.
- On-going fire safety awareness training for new and existing staff, and specialist training for staff delivering fire door and compartmentation programme.

4.5 **Fire safety compliance capital works**

The Council has used a risk- based approach to determine its investment. This is prioritised based on the level of risk related to the property types agreed in the Asset Management Strategy and set out below.

	Building Type	Year 1 (2019/20)	Year 2 (2020/21)	Year 3 (2021/22)	Year 4 (2022/23)
1	Complex Schemes 4 Estates 10 blocks	Y	Y	Y	Y
2	10+ storeys 24 blocks	Y	Y	Y	Y
3	6-9 storeys 51 blocks	Y	Y	Y	
4	0-5 storey	Y	Y	Y	
5	Sheltered housing 47 blocks	Y	Y	Y	
6	Hostels 5 hostels	Y	Y	Y	
7	Converted street properties 1426 properties	Y	Y	Y	Y

Note that for types 8 to 11, stock conditions surveys will be carried out to determine what investment is needed. The surveys will be used to programme works to particular groups of assets to ensure value for money. Any submissions for required works are currently undergoing asset management reviews.

8	Tenants' hall 26 halls				
9	HRA commercial properties 170 properties				
10	Legacy schemes				
11	Multiple compliance issues				

It should be noted that the top priority for the capital programme is enhancing fire safety within building types which have been assessed as high risk. These types include complex schemes, buildings of ten storeys and above, sheltered housing, hostels and converted street properties.

As previously agreed leaseholders will not be charged for these works.

4.6 **Complex Schemes**

The asset management strategy of December 2018 identified 4 complex schemes as listed below

1. Jepson House
2. Edward Woods Estate
3. Hartopp and Lannoy
4. Charecroft

The complex schemes are set out in the asset management strategy and an update is provided below on the work proposed. The total value of the work which is in the main fire related is £31.130 million.

Jepson House

Jepson House is made up one block with 18 stories and currently have FD30s fire doors fitted. The Council's asset management strategy commits to install FD60s to all blocks with 6 floors and above. The following works are proposed at Jepson House, for year 1 and 2 of the programme, install new: Fire doors and screen protection in stairwells and front entrance doors, FD60s.

Edward Woods

Edward Woods is made up of three blocks each with 24 stories. The following works are proposed in year 1 and 2 of the programme:

- Upgrade property front entrance fire doors (FD60s)
- Replacement of corridor screens and fire doors
- Replacement of ventilation works (smoke control systems)

Hartopp and Lannoy

As agreed by Cabinet on 29 April 2019, Hartopp and Lannoy Point will be demolished to address the serious health and safety concerns. Costs are included here for the demolishing work, technical advice such as employer's agents and on-going fire safety monitoring that will be required which is programmed to take place during 2020.

Charecroft Phase 1 (2019/20 and 2020/21)

On the 23 May 2018 Arcadis were appointed to review the approach to the works needed at Charecroft. The reason for this was set out in the Cabinet Member Decision and could be summarised as there are a number of complex issues around the location of the blocks. Shepherds and Bush are on a podium above a shopping centre, Roseford and Woodford are next to a petrol Station and the blocks are leasehold with two Freeholders (Land Securities and Anton Investments). Any external works such as window replacements will need a Licence to the Lease Agreement and consent granted via the respective Freeholder.

As part of the Arcadis brief they were supplied with the resident questionnaire which was undertaken jointly by the Charecroft TRA and the Council which set out the residents' view of key issues and works. This questionnaire gained a 25% response rate. After reviewing the questionnaire along with technical and fire risk information it was view of Arcadis that the Council have 3 key areas to consider.

1. Due to the Freeholder and Location Issues Charecroft Estate should be split into 2 projects – Shepherds and Bush and Roseford and Woodford.
2. A risk-based approach is proposed to be adopted which would split the works of both projects into immediate and long-term works.

3. Residents are at the heart of the process and will be consulted on an ongoing basis throughout the design, procurement and delivery of any works finally agreed.

The work proposed within this report will be to address immediate fire safety issues across all four blocks. Some the type of works that could be agreed during consultation will be:

- Fire door upgrade with FD60s
- Enhance compartmentation
- Review of fire wardens, fire detection and emergency plan as part of fire strategy for blocks
- Detection / fire alarms
- Fitting corridor screens
- Enhance fire signage
- Emergency lighting upgrade
- Weathertightness and structural stability to fire damaged dwelling
- Replacing stop cock covers
- Communal decorations

Work is required to the replace lifts in all four blocks and upgrade firefighting lifts. The lifts in Roseford and Woodford need replacing as a priority as they routinely break down, causing significant inconvenience to residents and high maintenance costs. The lifts at Shepherds and Bush also need replacing as part of the overall fire safety strategy.

Charecroft Phase 2 (2020/21 and 2021/22)

Further work is required at Charecroft to replace the windows and infill panels. This work is more complex due to the location of the blocks, making site access difficult. Replacement of the windows would address issues of fire safety with panels and problems of poor installation when the windows were previously fitted.

All of the blocks are leased by the Council, with 57 and 85 years remaining on the leases, there are two different freeholders. Such major works require freeholder permission which needs to be agreed as per the terms of the lease which is currently being reviewed.

Installing windows at Shepherds and Bush is more complicated as they are surrounded by a shopping centre that restricts access to enabling works. Further feasibility work is required for officers to undertake with specialist technical consultants programming and planning of the work.

Cost for the works across the two phases are expected to be high. Provision is included in this report for part of the works. Detailed planning for the remaining work relating to the windows is currently underway. Once these costs are confirmed this will be set out to Cabinet along with the associated costs. Owing to the issues of the previously window replacement and Fire Safety issues linked to the panels which are part of the window the Council

has committed not to recover costs from leaseholders for the specific work of installing windows.

It is proposed that external consultants to support, scope and programme fire safety works relating to the Charecroft Estate. The aim of this project is to enhance Fire Safety compliance works as part of Planned Maintenance Capital Programme and to develop a commercially viable procurement strategy, contingency fee allowances have been incorporated within the programme for commissioning of further detailed planning for the remaining works.

4.7 10 Storeys and above, Sheltered, Hostels and Higher Risk Premises

The table below summarises the programme outline over a four-year period based on buildings with 10 storeys and above, sheltered housing, hostels and other higher risk premises. The programme includes the following works in all buildings of ten storeys plus (excluding Hartopp and Lannoy) as well as high risk properties, sheltered housing and hostels:

- Installation of fire doors (FD60s)
- Compartmentation fire protection
- Upgrade firefighting systems

Type	Year 1	Year 2	Year 3
10 Storey and above	Fire door upgrade programme Compartmentation /firestopping works	Fire door upgrade programme/ firefighting equipment upgrade	
Sheltered & Hostels	Fire door upgrade programme Compartmentation /firestopping works	Fire door upgrade programme Compartmentation/ firestopping works/ firefighting equipment upgrade	
Converted street-based properties	Automated fire detection/compart mentation fire stopping	Automated fire detection/compartm entation fire stopping	Automated fire detection/compa rtmentation fire stopping
Fire safety plus programme	Upgrade/install fire detection/compart mentation/upgrad e internal fire doors	Upgrade/install fire detection/compartm entation/upgrade internal fire doors	Upgrade/install fire detection/compa rtmentation/upgr ade internal fire doors
Advice note 19 MHCLG	Spandrel/infill panel review and associated works	Spandrel/infill panel review and associated works	Spandrel/infill panel review and associated works

Appendix A provides full details of the capital programme and associated costs. The provision included in the programme for this work totals £25.620 million.

4.8 Safety works

As the responsible landlord the council is required to undertake routine safety work. This covers the key compliance areas of gas, electrical, asbestos, structural and water. The provision included in the programme for this work totals £22.227 million. The work streams are set out in appendix A.

4.9 Void Properties and committed works

As part of an ongoing capital programme there are a number of void and committed works to properties that the Council has to maintain, this includes works such as a conversion of properties for care leavers and CCTV installation works as committed in the LBHF Manifesto. The total provision for these works is £5.208m

4.10 Stock condition surveys and fees

To manage housing and inform investment decision the council needs to undertake housing condition surveys these will take place over the four years of the proposed programme. The information from these surveys will enable the Council to plan its longer-term investment decisions which maximise the value of investment on capital works. In delivering the proposed capital programme the Council will need technical advice and consultancy support and provision is included in the capital budget. The total value for this is £4.2 million.

The council is aware of serious issues around damp in a number of properties on the White City estate. The council has commissioned specialist contractors who are conducting inspections to identify the extent of the problem and potential solutions, which will be included in the capital programme.

5. Options and analysis of options

5.1 Do not implement a capital programme

- The Council's has a duty to keep its residents safe - at the same time its housing stock must be maintained to a high standard.
- The Council has the option to invest less in its housing stock however this approach would lead to higher repairs and maintenance costs and would be a 'false economy' in the long term.
- By not investing capital, it is estimated the revenue spend of the authority could increase by 40%.

The option of not implementing a capital programme is not recommended.

5.2 Carry out the capital programme and implement the recommendations within this report

- A well thought out approach to asset management will enable the Council to focus on achieving compliance.
- Strategic long-term planning will enable effective maintenance of assets, taking into account Net Present Value analysis in order to achieve value for money in programming.

This option is recommended because it meets the Council's commitment to ensure that our housing assets are kept safe and maintained over the coming four years.

6. Consultation

- 6.1 The council is committed to putting residents at the heart of their capital compliance programme. Subject to cabinet approval of the programme, officers will undertake a rigorous consultation process involving residents, groups, stakeholders and others. Consultation will follow the approach adopted at Charecroft, Hartop and Lannoy.

7. Equality implications

- 7.1 The approval of the proposed capital spending programme and asset management operational policies (as set out in the Recommendations) does not directly negatively impact on groups with protected characteristics under the Equality Act 2010.

Implications completed by: Fawad Bhatti, tel 020 8753 3437.

8. Legal implications

8.1 Charcroft Estate

The four blocks at Charcroft Estate are held by the Council under Leases granted to it in 1970 (terms remaining 57 years and 85 years respectively) under which the Council is obliged to repair and maintain the buildings in every respect (including lifts, escalators and staircases) and when necessary to re-build the same or any part of it. The Council must not without, the landlords' prior consent in writing to make any alterations or additions to any part of the buildings or any alterations to the external appearance of the same; not to cut main or injure or allow the same to any walls, partitions or timbers of the buildings.

- 8.2 It is likely that some of the proposed works will require landlords' consent. Any of the proposed works may possibly impact on the Landlords' commercial units, in which case it will be required to consult with the commercial units as well and consider the indemnities it may be requested to provide in any licences and agreements entered into to authorise the works, the Council will also be liable to pay the landlords' legal and professional costs.

- 8.3 *Implications verified/completed by: Rachel Silverstone Senior Property Solicitor, 0208 753 2210*

9. FINANCIAL IMPLICATIONS

Funding availability

- 9.1 The proposed spending programme set out in this report can be funded by the HRA capital programme budget approved by Council on 27 February 2019 and considered by Cabinet for revision on 1 July 2019. Based on the latter, the budget envelope for the period 2019/20 to 2022/23 is £148,952,000 for the HRA capital programme. Of this £30,523,000 is allocated to budgeted capitalisation of repairs and salaries. The other applicable budget approval is the £3,500,000 approved by Cabinet on 29 April 2019 for the demolition of Hartopp and Lannoy Points. This leaves £121,929,000 of the existing approved budget that will need to be fully allocated to the proposed programme.

HRA context

- 9.3 Alongside the proposed programme set out in appendix A the Council is developing an Assets and Growth Strategy to meet the Council's priority of delivering new affordable homes and is progressing a number of significant affordable housing schemes. A separate item on the agenda is considering initial budgets required for progressing some of these schemes.
- 9.4 A significant increase in capital investment in the HRA is envisaged over the next four years and the current business plan will require significant remodelling to ensure all the investment demands are captured and are affordable. Whilst the Council has an opportunity to borrow to fund the capital investment this also comes with additional revenue costs in relation to that investment including external borrowing costs and depreciation costs. Any future decision on capital investment by the HRA will need to be made in the context of potentially competing demands for capital investment and the affordability and sustainability of the revenue implications of these. Until the business plan can be updated with all the expected schemes it is not clear that the cumulative impact of all these commitments are affordable.

Implications completed by: Firas Al-Sheikh, Head of Housing Financial Investment & Strategy, Tel. 020 8753 4790

Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel. 020 8753 3145.

10. IMPLICATIONS FOR LOCAL BUSINESS

- 10.1 This proposal will include a recommendation to create new LBHF frameworks for service providers. The plan is to aspire for at least 20% of all annual capital works to be allocated to local SMEs and the scheme will utilise the council's Local Supply Chain Programme.

Implications completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583

11. COMMERCIAL IMPLICATIONS

- 11.1 There are no direct procurement implications resulting from this report. The delivery of the works presented in Appendix A must be contracted in accordance with the Council's CSOs and the Public Contracts Regulations (PCR) 2015.
- 11.2 The corporate Procurement team will advise and support the service department on their major capital procurements as and when such support is required, including consideration of whether and how any social value, local economic and community benefits might be obtained from these.

Implications completed by: Joanna Angelides, procurement Consultant, tel: 0208 753 2586

12. IT IMPLICATIONS

- 12.1 Section 4.7 of this report highlights that new IT systems are being implemented to hold all health and safety compliance and asset management information across housing stock - as part of the Housing Asset and Compliance Strategy. It is recommended that H&F IT Services continue to be consulted regarding the acquisition, implementation and any future development of these IT systems to ensure that all necessary safeguards, permissions and budgets are in place; the new systems integrate with other applications in use; and that the service is aligned with the ITS strategy.
- 12.2 IM Implications: The Privacy Impact Assessments (PIAs) for these systems should be kept up to date to reflect any changes to the systems to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. If not already in place, PIAs should be completed.
- 12.3 Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR). Any suppliers will be expected to have a GDPR policy in place and all staff will be expected to have received GDPR training.

Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel: 0208 753 3481

Implications verified by: Tina Akpogheneta, Interim head of Strategy and Strategic Relationship Management, tel: 0208 753 5748

14. RISK MANAGEMENT

- 14.1 The Council needs to put in place an appropriate capital programme to invest in its housing stock, including a range of fire safety works. It also needs to have a comprehensive stock condition survey in place to ensure capital resources can be targeted to ensure that properties are maintained to regulatory and policy standards. The capital programme will enable the

Council to meet its objectives, keep its tenants and leaseholders safe and ensure it is compliant with relevant statutory requirements.

- 14.2 In line with its ruthlessly financially efficient priority, the Council also needs to demonstrate that all works carried out under the capital programme are subject to appropriate competition, in line with council policies and statutory requirements. This will help to demonstrate and deliver value for money in managing and maintaining its housing stock to an appropriate standard. Officers will need to ensure that robust arrangements for monitoring and reporting expenditure to management and Members for works being delivered from approved capital schemes to ensure that they are being managed within the available financial envelope.
- 14.3 It is essential that appropriate programme and client management resource and governance arrangements are put in place and that the programme risks are reviewed and managed by the appropriate governance board. The programme risk register needs to include key interdependencies with other delivery and change programmes both within housing and across the Council, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.
- 14.4 Officers will need to ensure that leaseholder consultation requirements are fully complied with prior to the decision to award specific works so that all eligible works carried out under the contracts can be fully recharged to leaseholders.

Implications verified/completed by: David Hughes, Director Audit, Fraud, Risk and Insurance tel: 020 7361 2389

BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENDICES:

Appendix A – Capital Programme of Works