

WIGAN AND LEIGH HOUSING BOARD 2 MARCH 2010

Decent Homes Evaluation

Report of the Director of Asset Management & Development

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Purpose/Summary:
To inform the Board of the attached joint submission and assessment sent to the Department for Communities and Local Government on behalf of Wigan Council and Wigan and Leigh Housing to evidence the achievements of the national Decent Homes programme in Wigan and consider what worked well and the lessons we learnt along the way.
Recommendations:
Members are asked to note the contents of the joint submission and the overall success of the Decent Homes Programme.

For decision, discussion or information?	Information
For the open part or the press and public excluded part of the agenda? If press and public excluded please state reason.	Open

Resource and Value for Money Implications:	None					
Employee Implications:	None					
Key Risks incl. Company reputation, business relationships, health and safety and legal implications	None					
Equality (Impact) Assessed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Applicable	X
Equality & Diversity and Community Implications:	None					
Impact on Tenants/Customers:	None					
Environmental Implications:	None					
Area Forums Affected:						
Tracking/Process	Consultation	Area Forum/s	Committee	Board		
				2 March 2010		

1.0 Background

- 1.1 In December 2009 Wigan Council received a request from the Department for Communities and Local Government to undertake an assessment of the Decent Homes Programme. The letter is attached at Appendix A.
- 1.2 A joint submission was prepared on behalf of Wigan Council and Wigan and Leigh Housing. The joint submission is attached at Appendix B.
- 1.3 In addition to the joint submission, a letter was sent to Neil Turner MP outlining the views of the Tenant Board Members. The letter is also attached at Appendix C.

2.0 Recommendations

- 2.1 Members are asked to note the contents of the joint submission and the overall success of the Decent Homes Programme.



11 December 2009

By email

To Chief Executives: Housing Authorities
in England

Dear Chief Executive

Assessment of the Decent Homes Programme

On 7 December, John Healey announced a full assessment of the Government's drive to improve England's social housing stock during the Communities and Local Government's Select Committee Inquiry into Decent Homes and invited public sector landlords to respond. He wants them to contribute to an evidence base illustrating the achievements of what has been a massive national refurbishment programme of unprecedented scale. Over £33 billion has been invested already to make sure council and housing association tenants live in homes with decent facilities.

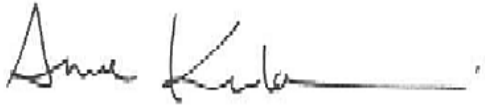
In December 2010 the programme formally comes to an end, although a small number of local authorities will complete their programmes later. We now need to do more to understand the successes of the programme and learn from these as we go forward, and provide a platform for local authorities and their stakeholders to publicise their achievements over the last eight years. It is therefore timely to undertake a full assessment of the Decent Homes Programme.

There are some poorer performing local authorities that appear to be going backwards, with some actually seeing an increase in their non-decent stock numbers. We should make sure they are not letting their tenants down and will use this assessment to improve their performances.

We also want to see a range of organisations and stakeholders grasp this opportunity to assess their investment programmes and consider what worked well across the programme and the lessons learnt.

Researchers will be appointed to undertake additional field work and write the report. They have been asked to provide a final version of the assessment by the end of March 2010.

I would be grateful if you could send your evidence and representations to the address in the attached Annex by the 29th January 2010.

A handwritten signature in black ink, appearing to read 'Anne Kirkham', with a long horizontal stroke extending to the right.

Anne Kirkham

Department for Communities and Local Government
1/J10 Eland House
Bressenden Place
London
SW1E 5 DU

Tel: 0303 4441249

APPENDIX B



Decent Homes Division
Communities and Local
Government

f.a.o Roy Williams

**Chief Executive
Ashley Crumbley**

Our Reference DAMD/MPS/
Your Reference
Please ask for Mike Sterlicchi
Direct Line (01942) 705846
Date 26 January 2010

Dear Sir,

Decent Homes Evaluation

Further to Anne Kikham's letter dated 8 December 2008 sent to Chief Executives: Housing Authorities in England and then forwarded to us by email on 8 January 2009.

Attached below is a joint submission and assessment sent on behalf of Wigan Council and Wigan and Leigh Housing to evidence the achievements of the national Decent Homes programme in Wigan and consider what worked well and the lessons we learnt along the way.

I hope this meets with your approval but should you require any further information please do not hesitate to contact me.

Yours faithfully.

**Mike Sterlicchi
Director of Asset Management and Development**

Decent Homes Evaluation Evidence

Summary

2000 identified a significant funding gap resulting in a fundamental review of Council housing and appraisal of alternative options for management and ownership.

2001 Stock Condition Survey identified £250m required to bring approximately 25,000 Council properties up to the decency standard by 2010.

2001 overall 41% of Council properties were found to be non-decent

April 2002 the Council agreed to establish an Arms Length Management Organisation (Almo), Wigan and Leigh Housing Company Ltd, and seek additional government funding.

2002 Wigan became one of the first round ALMO 'pathfinders' and a "good" two star assessment from the Housing Inspectorate. gave access to an additional £137 million of borrowing. The investment plan also provided for a further £100 million from mainstream resources for the 5 year programmes to enable the Decent Homes target of 95% to be met by the end of 2008.

The Stock Investment Sub-Group of WALH Board Members agreed the priorities, standards and procurement of contractors. The programmes included new kitchens, rewiring, insulation, roofing and external repairs. Tenants, in a consultation with open questions on preferred improvements, had prioritised estate improvements and so an Environmental and Security Programme was included improving the facades plus providing front fencing and off-road parking.

December 2002 Wigan accessed the first **£58m** tranche of ALMO funding and works started immediately to install new kitchens.

April 2004 awarded second tranche of funding **£79m**

2003 - 2008 - Five years on and the main programmes were completed and 95% of the stock met the Government's Decent Homes Standard. The SAP rating (Standard Assessment Procedure) has improved from 59 to 70.

Works delivered included

- 19,000 new kitchens with rewiring where required
- 5,000 new roofs including low maintenance fascia and soffits
- 21,000 external repairs including new front doors
- 15,500 dwellings benefiting from Environmental & Security Work including off road parking.
- A minimum 200mm Loft insulation and cavity wall insulation where possible

WALH has delivered over £13m Gershon efficiency savings by effective management of partnering contracts

2007 a Stock Condition Survey was carried out by consultants to evaluate progress and produce a long term asset plan

The key findings

- Just under 5% of stock non-decent
- SAP rating 70.3
- Need to spend £670million over next 30 years on element renewals to the 23,000 stock
- Peak spending requirement in the period 2023 to 2027, an earlier peak than that identified in BRE national research for the HRA Review

STATUS Tenant Satisfaction Survey results for 2008:

89% tenant satisfaction with quality of home

83% satisfaction with value for money from rent

Increase in overall satisfaction with housing services from 84% in 2006 to 87% in 2008.

Customer care sampling reveals tenants satisfaction survey with the major programmes of work at **95%** and the satisfaction with the **repairs service** at **98%**.

December 2008 WALH Board adopted the current Investment Strategy and Asset Management Plan subject to three yearly reviews.

2009 -10 National HRA Review ongoing. Local work in progress to compare need to spend on major works identified in Wigan Stock Condition Surveys with that identified nationally, in preparation for imminent announcements.

1.0 How their local standard reflects or exceeds the Decent Homes standard and where they chose to re-provide homes rather than improve

1.1 What benefits has the Decent Homes Programme delivered locally, particularly any local issues or lessons learnt?

Benefits - Achieving the minimum standard has improved the physical appearance of both properties and estates. Provided modern kitchen facilities. High levels of tenant satisfaction

Decency is a only a basic standard and other modern improvements are still needed such as new bathrooms, more energy efficient heating, and rear fencing to provide security. Increased tenant aspirations mean that day to day repairs remained at previous levels or increased.

Those who had bought through Right to Buy felt their properties were devalued by the improved appearance as most couldn't afford to link to the scheme.

1.2 How their local standard reflects or exceeds the Decent Homes standard

and where they chose to re-provide homes rather than improve?

Tenants identified priorities which included Environmental and Security Improvements as a high priority. Off road parking has reduced estate congestion and neighbourhood nuisance. Front boundary fencing has helped to provide 'defensible spaces' and a level of security to tenants homes. Higher standards of insulation than required by the decency standard have helped reduce fuel poverty.

1.3 What contribution has the Decent Homes Programme played in wider regeneration activity?

Significant contributions to the local economy, increased local training and employment opportunities For example currently WALH and our contractors are providing some 85 apprenticeships even though our "Decent Homes" programmes are largely complete. Our WALH/Contractor partnership has also supported the Western Skills Centre providing construction experience to some 200 school children a week plus a £20,000 donation to Communities United charity proving young people with sport activities on their estates .

1.4 Does the Decent Homes Programme meet the priorities and needs of tenants?

The decent homes standard provides only a minimum standard insufficient to meet all the tenant aspirations. Fuel bills have become a major issue and therefore renewing boilers with energy efficient condensing boilers is a priority for tenants. Tenants attach great importance to security and appearance of estates, both individual plots and communal areas, aspects which are largely ignored in the decency standard.

1.5 What role did tenants play in decision making?

A fundamental change has occurred. Tenants are the largest group on the Board that governs the ALMO. From the start tenants have played a major role in shaping the investment priorities, selecting contractors, choosing products/material/colours, shaping and improving services, setting service standards, and introducing delegated "Better Neighbourhood" budgets for the their Area Forums. For the last three years the Council has also accepted the tenants' recommendations on the annual rent rise and investment priorities..

1.6 What impact has the programme had on tenant satisfaction?

Significantly improved – see introductory summary

2.0 How they have ensured that their programme offers value for money

2.1 How have landlords ensured that their programme offers value for money?

Procurement of partnering contractors to deliver a range of works over a 5 year period enabled us to identify efficiencies including pooling of work and resources. Significant cash savings of **over £13m in Gershon savings**

We have not just focused on programmes. Value for Money has been a priority for the entire company and in 2007/8 we cut the Management Fee and have since sought no further increase for 2008/9 and 2009/10. In addition, in year savings have been returned by the company to the HRA equating to additional savings over the last 3 years of around £2 million whilst moving from being an average performer to being amongst the best for most indicators.

2.2 What lessons have been learnt in terms of procurement and partnership working with contractors?

The packaging of work was arranged to optimise competition. Large regional or national contractors were involved in the large scale renewals, for example the kitchen contract, but tendering opportunities were also provided for medium sized local contractors. Programmes were also designed to retain the local construction industry once the major work had finished. Key elements of the success included:

- long term arrangements rather than tendering afresh for works on each estate
- inclusion of qualitative elements, such as tenant liaison and project management, in evaluating tenders.
- a strategic partnering agreement to which a group of contractors, the Council and WALH all signed up committing all partners to work together to solve problems, seek continuous improvements and ensure the whole programme is delivered on time and on cost.
- the use of key performance indicators (such as tenant satisfaction, timeliness, reducing defects) governing the award of each succeeding tranche of work.
- sharing the benefit of savings identified by contractors
- pooled purchase of materials
- use of pilot projects for all concerned to learn together how best to carry out the work (involving feedback from tenants on pilot estates)
- tasks being carried out by the most appropriate partner (for example, contractors might carry out kitchen design, aspects of tenant liaison, or carry out joint inspections with WALH staff for planned maintenance)
- focus on safety and reducing accidents
- simplified payment mechanisms (e.g. fixed amounts for a number of standard “kitchens” with only a few major variations paid for separately).
- full information sharing amongst partners.
- Identify clear Employers requirements and specification, built into SMART targets for monitoring performance.
- A strategic partnership group providing forward sharing of investment priorities linked to close relationship with each contractor to accelerate or slow down their contract to match available funding.
- Work together as a group to prepare well in advance for down sizing both in house and contractors resources.

- Ensure the joint supply chain delivers discounts working within larger procurement frameworks.
- Call down contracts that involve the contractor demonstrating “added value” in order to earn a further tranche of work.
- Negotiating contract extensions with high performing contractors to follow on from work won in competition.
- Involve tenants and tenants groups throughout the process. Make sure in house resources carryout quality checks and budget control.

2.3 What works have landlords undertaken to safeguard the sustainability of their Decent Homes investment?

- Selective demolition of unpopular properties where necessary
- Environmental Improvements and Security work to properties and estates. Strong emphasis on addressing the issues which undermine the viability of estates including visual improvement of estates linked to securing tenant “ownership” of estates, creating “civic pride” through the tenant controlled Better Neighbourhoods Funds,
- Reorganising services to align with Police and Council operational patches to enable us to tackle “crime and grime” issues together
- Contributing to training and employment opportunities e.g. Western Skills Centre and apprenticeships..

2.4 What efficiencies have landlords delivered as their investment programmes have progressed?

Procurement of partnering contractors to deliver a range of works over a 5 year period enabled us to identify efficiencies including pooling of work and resources. Significant cash savings of **over £13m in Gershon savings**

3.0 Details of any "bolt-on" schemes to their investment programme, e.g. job creation/apprenticeships, community programme

3.1 How has the programme changed the way that landlords deliver their housing services, including their repairs and maintenance programmes?

We did not take the approach of “bolt-ons” -- instead we introduced fundamental changes to the way in we conduct our business. This saw major changes to governance with tenants being the largest group and having a real say both at strategic level and where it matters such as choosing builders, works, service standards and so on. Improvements to our key business processes such as asset management, business planning, performance management, value for money, risk management and customer care. Linked to adopting a clear social responsibility policy framework where together with our partners we give something back to the communities we serve as part of our “day business”. So we have pioneered and promoted a fresh approach to apprenticeships amongst social housing providers and public services so apart

from WALH/contractors 85 apprentices our local Council now has 100. We are about to enter into a new long term “alliance” with schools providing more work placements, apprenticeships and graduate training opportunities targeting our deprived communities. Financial inclusion work has seen our rent staff retrained to include debt advice as part of their “day job” and our work with health partners is expanding into helping them benefit from our relationship with tenants on the health inequalities agenda with community based health projects and social marketing.

Introduced targets for training and unemployment – the mature strategic nature of our relationship with contractors has enabled us to move beyond target setting to one of “lets do as much as we can”...if we had adhered to targets we would probably have around 40-50 apprentices...whereas we are up around 80 at any one time, plus the 200 work experiences a week and a £20k donation for youth activities. WALH and our building partners just delight in providing this. Why this obsession with targets if you are already doing well?

3.2 Landlords should highlight examples of best practice across their investment programmes and wider housing management activity;

- Tenant empowerment – the tenants conference, assemblies, area forums and genuine say in what matters to tenants (rent setting, priority setting for works programmes, etc)
- Procurement and efficiency savings
- Social responsibility - our research into deprivation influencing the Local Strategic Partnership linked to action where it makes a difference with training (Western Skills Centre for schools and high quality apprenticeships)

3.3 Landlords should submit evidence and examples of e.g. job creation/apprenticeships, community programmes, community facilities;

See above.

3.4 Examples of energy efficiency initiatives over and above decent home.

- Providing same standards of loft insulation and cavity wall insulation to gas-heated homes as to those with electric heating
- Provision of condensing boilers in place of older, less efficient boilers, even when the older boilers were still functioning
- Provision of double-glazing to all properties

4.0 Any local issues or lessons learnt

4.1 What innovative approaches have landlords undertaken, and particularly how have these approaches been shared with other landlords?

Following the start of the decent homes programme a **Greater Manchester ALMO Technical Working Group** was formed initially to collaborate, share knowledge and experiences and to develop combined approaches to key issues in particular procurement of labour and materials. This group has continued and looks at all aspects of repairs and maintenance of existing

stock, as well as future opportunities including new build and energy conservation.

4.2 Landlords should consider whether the Decent Homes programme is in a position to be responsive to the likely future demands made upon it.

See comments above on preparatory work for responding to developments flowing from HRA Review

APPENDIX C

Neil Turner MP
Gerrard Winstanley House
Crawford Street
Wigan

Deputy Chair
Marjorie Marsden

MM/SMP

Our Reference

Your Reference

Please ask for Marjorie Marsden
Direct Line (01942) 486507
Date 26 January 2010

Dear Neil

Assessment of the Decent Homes Programme

We have been told the government is assessing the Decent Homes Programme so we thought we would get together and share with you the views of the Tenant Board Members. There is much we could say but for us the headlines are these:

- Our estates have been transformed. They look better and we feel safer thanks to improvements such as fencing, off road parking and alley-gating.
- Our houses are better. 97% of our homes meet the Decency Standard.
- Our houses are warmer. Homes are better insulated and Pat Riley, who you know, says she is saving nearly £100 each quarter. My new boiler is saving me about £150 each quarter.
- Tenants having a genuine input into what's important to us. In 2002 we had no real say in what we get from our rent. Today we have a real say in rent setting, investment programmes, housing services and we even have our own budgets to create better neighbourhoods.
- Housing services are much better. We can just pick the phone up, the helpful and friendly staff take our repairs and we see the works completed quickly. Overall tenant satisfaction is now 87% but Jo Bennett has told Ashley we want 92%. We can't have Ashley slacking can we!
- We even got our wish for "Brighter Futures" with Wigan and Leigh Housing and our builders providing over 80 apprenticeships and the Western Skills Centre providing school children with training in building skills. I know our apprentices are excited at meeting you in February at Parliament.

So, our overall views as Tenant Board Members is a big well done to the government, our local MPs and Wigan Council for embarking on the Decent Homes Programme and involving us in running the ALMO. This has improved our lives.

Yours sincerely,

Marjorie Marsden
Deputy Chair and Tenant Board Member for Atherton
Wigan & Leigh Housing Co Ltd

copies:

Leader, Cllr. PRC Smith
Cllr. Fred Walker
Chair WALH, Geoff Roberts
Andy Burnham MP
Ian McCartney MP
Barbara Keeley MP
Anne Kirkham, CLG