



Mayor and Cabinet

Response to the comments of the Housing Select Committee on the Presentations by Social Housing Providers regarding their retrofitting work

Date: 8th March 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Executive Director for Housing, Regeneration and Public Realm

Outline and recommendations

This report provides Mayor and Cabinet with a response to the comments of the Housing Select Committee which were presented in a referral report to the 11th January Mayor and Cabinet meeting. The referral was made following consideration of the presentations that the Housing Select Committee received from Social Housing Providers who attended its meeting on 5th January 2023, namely Lewisham Homes, Phoenix Community Housing and Regenter B3, to provide updates on their work on retrofitting.

The Mayor and Cabinet is recommended to note the officer response to the committee set out below and that the response will be provided to the Housing Select Committee.

1. Summary

- 1.1. On 5th January 2023, the Housing Select Committee received presentations from the Social Housing Providers who attended its meeting, namely Lewisham Homes, Phoenix Community Housing and Regenter B3. Officers from all three social housing organisations presented at the meeting. Following questions to officers, the Committee agreed to refer its views to Mayor and Cabinet. This report presents a response to the referral.

2. Recommendation

- 2.1. The Mayor and Cabinet is recommended to note the officer response to the committee set out below and that the response will be provided to the Housing Select Committee.

3. Policy Context

- 3.1. The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objective:
 - 3.1.1. Tackling the housing crisis – Everyone has a decent home that is secure and affordable.

3.2. The contents of this report also support the objectives of the Housing Strategy 2020-26, as ensuring an appropriately funded HRA will work towards the delivery of the following objectives:

3.2.1. Delivering the homes that Lewisham needs;

3.2.2. Improving the quality, standard and safety of housing;

3.2.3. Supporting our residents to live safe, independent and active lives;

3.2.4. Strengthening communities and embracing diversity.

4. Housing Select Committee's views

4.1. At its meeting on the 5th of January 2023, the Committee received presentations from three Social Housing Providers: Lewisham Homes, Phoenix Community Housing and Regenter B3. These presentations provided the Committee with an update on the retrofitting work undertaken by these housing providers.

4.2. The Housing Select Committee made the following observations in their referral to Mayor and Cabinet:

4.2.1. The Committee noted that Lewisham Council declared a 'Climate Emergency' in 2019 and aims that Lewisham will be carbon neutral by 2030.

4.2.2. The Committee further noted with concern that Regenter B3 are taking no steps to retrofit any of the housing stock they currently manage as it is not a part of their contract with Lewisham Council.

4.2.3. The Committee recommended that there are meetings between the relevant Cabinet lead, Lewisham Council officers and Regenter B3 as soon as possible to find ways of assisting Regenter B3 in commencing a retrofitting programme to include, if necessary, amending, varying or adding to the existing contract between Lewisham Council and Regenter B3.

4.3. The Committee asked that a response to its referral is received from Mayor & Cabinet within the timeframe set out in the constitution.

5. Officer response to Housing Select Committee

5.1. The council entered into a 20 year PFI contract with Regenter B3 in 2007. There are 1,830 properties in the PFI area. Regenter B3 hold ultimate responsibility for delivering against the terms of the contract. In turn, Regenter B3 sub-contract to Pinnacle and Rydon. Pinnacle are responsible for delivering the housing management services, including all elements of tenancy management and resident engagement. Rydon are the repair and maintenance subcontractor who deliver the day-to-day repairs service, planned maintenance, lifecycle and other major works programmes. Higgins were the refurbishment contractor and carried out a programme of works to bring properties up to the Availability Standard between 2007 and 2010.

5.2. It is the responsibility of Regenter B3 to ensure their sub-contractors deliver the services they are responsible for in accordance with the terms of the PFI contract. In return, the council pay Regenter B3 a monthly Unitary Charge, which they distribute to Pinnacle and Rydon in accordance with the terms of their respective sub-contracts.

5.3. The contract comprises a series of documents, schedules and appendices. It fundamentally requires Regenter B3 to report performance against a range of key performance indicators and to ensure the properties are maintained at the Availability Standard. Regenter B3 report performance monthly and deductions can be taken from the Unitary Charge for performance below the standards expected in the contract.

5.4. The contract does not provide allowance for enhancements to property conditions to be provided, over and above the Availability Standard. There is therefore no mechanism with which the council can compel Regenter B3 to carry out specific retrofit works, without significant financial and legal implications to the existing contract.

- 5.5. Nevertheless, there are improvements to the properties taking place. The contract requires Regenter B3 to agree a Lifecycle Plan with the council each year. The Lifecycle Plan set out the works required to ensure the properties are properly maintained at the Availability Standard. For example, ongoing works to properties include installation of new roofs, windows and front doors. The Lifecycle Plan also includes a programme of boiler renewals each year and in 2022 a large programme of communal light renewals took place across the stock, replacing the old lights with new LED ones all of which will have beneficial impacts to the energy performance of the properties. The contract requires all properties to meet, on average, a SAP rating of 70, which corresponds with an EPC rating of C.
- 5.6. The Housing Revenue Account (HRA) is currently facing significant pressures and does not have spare capacity to meet the cost of any works which would be an additional cost to the council. Given the limited resources available it is essential that priority is given to properties that are in the greatest need of investment. The funding required to finance retrofitting works to the PFI properties would therefore have to be measured against the priority investment need of all HRA stock. There is available grant funding for retrofitting works, however this will require significant match funding to an extent which the HRA is currently not able to withstand.
- 5.7. In addition to funding the additional cost of retrofitting works outside of the existing contract, the additional cost of maintenance and repairs works for the improvements would also have to be met outside of the contract, representing a further cost, by way of an increase to the Unitary Charge.
- 5.8. Arrangements are being made to prepare for the expiry of the contract in four and half years' time. RegenterB3 and their repairs and maintenance sub-contractor have undertaken several stock condition surveys throughout the life of the contract. The works identified from these surveys are used to inform the annual lifecycle and future planned maintenance programmes to ensure condition standards are being maintained.
- 5.9. In preparation for contract expiry the council will commission its own surveys to confirm that the PFI properties will meet the required 'handback' standard. As part of the expiry process the Council will work closely with RegenterB3 to ensure that all relevant data pertaining to the condition, performance and where possible residual life of the assets is transferred to the Council. This data will enable the Council to forward plan in terms of future maintenance requirement for the PFI properties post expiry of the contract in June 2027.
- 5.10. Further, officers are investigating opportunities to realise improvements to properties without needing to match fund works. For example, discussions are currently ongoing with an organisation who can access grant funding to carry out non-intrusive surveys to properties and identify if any works would be beneficial. Officers will continue to work with Regenter B3 to identify opportunities to improve the stock where this does not require additional funding from the HRA including the Energy Company Obligation and other funding streams.
- 5.11. The Housing Retrofit task and finish group issued a recommendation for the development of a housing retrofit strategy for all tenures in the borough. The development of this strategy will include consideration of how best to work with and respond to the needs of the stock in Brockley.

6. Financial implications

- 6.1. Any requirements to incorporate additional works into the PFI contract would require renegotiation of contract terms which could involve significant financial implications to the existing contract.
- 6.2. Any retrofitting works outside of the existing contract would require extensive negotiation and liaison, which would include the specification, handover and additional cost of maintenance and repairs for the improvements undertaken and a likely impact on increases to the Unitary Charge.

6.3. Whilst there is no formal estimates for these works at present, it is likely to be a multi-million pound programme spanning a number of financial years. The HRA is currently facing significant pressures and has not currently allowed for these costs within existing or future budgets. Additional costs required to finance retrofitting works to the PFI properties would mean other works, currently scheduled into the Capital Programme are likely to be impacted significantly.

7. Legal implications

7.1. The Council has a PFI contract with Regenter B3 as set out in the report (“Project Agreement”). The Availability Standard under the Project Agreement does not include retrofit works therefore, should the Council wish to include retrofit works, the Project Agreement sets out the process the parties would need to follow to put the variation in place. This would include asking the contractor for an estimate of costs and adjusting the Unitary Charge accordingly.

8. Equalities implications

8.1. Residents of Lewisham’s housing stock represent a wide range of protected characteristics. There is a likelihood that residents may be in receipt of housing benefit or universal credit to support their ability to pay their rent and bills. High gas and electricity charges will have a significant impact on these households and therefore any improvements to improve the energy performance of homes will have a positive impact on these households, as well as the environment.

9. Climate change and environmental implications

- 9.1. There may be implications for climate change and the environment of not completing works to retrofit homes. Homes with lower EPC ratings will have a higher carbon footprint and will require more energy to heat.
- 9.2. The Brockley PFI contract is due to expire in June 2027. Any major works required to these properties to help the council meet its 2030 carbon neutral target will need to take place after this date.

10. Crime and disorder implications

10.1. There are no direct crime and disorder implications arising from this report.

11. Health and wellbeing implications

- 11.1. There may be implications for health and wellbeing of not completing works to retrofit homes. Any works to improve the energy performance of homes will have positive impacts for residents. For example, a good EPC rating can mean lower energy bills and a reduced home carbon footprint. It can make properties more affordable and comfortable, with particular benefits to those residents experiencing poor health, the elderly and those with disabilities.
- 11.2. Any works to homes resulting in lower energy bills will have positive impacts for residents, particularly those most affected by the cost of living crisis.

12. Background papers

12.1. [Housing Select Committee- Meeting Papers](#), 5th of January 2023

13. Glossary

13.1. Please see the below for details of terms used within this report:

Term	Definition
Availability Standard	Every Dwelling to be fit for human habitation, free from disrepair and structurally sound, wind and weather tight. Specifically every existing Dwelling in the PFI Area should be: <ul style="list-style-type: none"> • Free from serious disrepair of a type which could be the subject of a Disrepair Action, • Structurally stable,

	<ul style="list-style-type: none"> • Free from penetrating dampness prejudicial to the health of the occupants, • Have adequate provision for heating ventilation and lighting, • Have an adequate supply of wholesome water, • Have an effective system for the drainage of foul, waste and surface water, • Have a suitable located WC for the exclusive use of the occupants, • Have a bath OR shower AND wash hand basin with a satisfactory supply of hot and cold water, • Have satisfactory facilities for the preparation and cooking of food including a sink with a satisfactory supply of hot and cold water.
Capital Programme	A plan for improving properties through major works
Energy Performance Certificate (EPC)	An EPC is required whenever a building in the social or private rented sector is let to a new tenant. These show the energy efficiency of the property and the carbon dioxide emissions.
Lifecycle Plan	Annual review of the Cyclical Maintenance and Replacement Programme setting out works for the following five years to ensure it will meet the Contractor's obligations.
Retrofit	The process of making changes to existing buildings so that energy consumption and emissions are reduced. These changes should also provide the benefit of a more comfortable and healthier home with lower fuel bills.
Standard Assessment Procedure (SAP)	the methodology used by the government to assess and compare the energy and environmental performance of dwellings.
Unitary Charge	The fee paid to the Contractor for the services provided under the PFI contract

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