BRIEFING TO OVERVIEW AND SCRUTINY PERFORMANCE AND VALUE FOR MONEY COMMITTEE

Update on the Housing ‘Gateway to Oldham’ Scheme.

Portfolio Holder: Councillor Dave Hibbert.
Report Author: John Rooney, Head of Housing and Response Services.
Date: 12 March 2015

What the issue is:

In August 2014, the Performance and Value for Money Committee received a progress report on the housing regeneration scheme, ‘Gateways to Oldham’. This report further updates progress with a particular emphasis on grounds maintenance and environmental services.

Requirement from Leadership:

- Views are sought on the progress that has been made on the ‘Gateways to Oldham’ Housing PFI Scheme.

How to be actioned:

☑ Report author attending
☑ Discussion item
☐ Presentation
☐ Workshop
☐ Circulate offline to Leadership for information
Background

1.1 Oldham Council entered into a £113m, 25-year Housing Revenue Account Private Finance Initiative (PFI) contract with Inspiral Oldham, a special purpose vehicle (SPV) on 30 November 2011.

1.2 The contract was commissioned to regenerate Council-owned homes and develop new social housing for rent and private housing for sale across four sites in the Borough which required significant capital investment. This investment could not have been levered in through a housing stock transfer or other means.

1.3 Inspiral Oldham, who are delivering the scheme on behalf of the Council, is a limited company and comprises John Laing PLC, Great Places Housing Group and Wates Construction Limited.

1.4 John Laing PLC is responsible for the overall management of the Special Purpose Vehicle (SPV) and is central to managing the long term relationship with the Council’s PFI Housing team.

1.5 Great Places Housing Group provides the day to day housing management service for the 25-year term of the contract.

1.6 Wates Construction Limited is responsible for the refurbishment of retained homes and the construction of new homes and two community centres. In addition, they provide the day to day facilities management which includes lifecycle and ongoing maintenance of all the rented housing stock in the scheme.

1.7 All the rented housing and land assets sit within a self –financed Housing Revenue Account (HRA), separate to the main General Fund. The Council pays a fee/ unitary charge to Inspiral for the 25 year term of the PFI concession.

1.8 The four neighbourhoods that comprise the Housing PFI ‘Gateways’ to Oldham scheme are

- Primrose Bank Estate (Medlock Vale and Werneth Wards)
- Crossley Estate (Central Chadderton ward)
- Dew Way (Coldhurst ward)
- Keswick Avenue (Medlock Vale ward)

1.9 The construction phase of the scheme commenced immediately after contract sign in November 2011. The refurbishment and new build construction phase was completed in December 2014. Their remains some related infrastructure works that are forecast to be completed by November 2015.
2 The ‘Gateways to Oldham’ PFI Scheme

2.1 The scheme is a public-private partnership and the purpose of this long-term contract between the Council and Inspiral is to transform four ‘gateway’ neighbourhoods of Crossley, Fitton Hill, Dew Way and Primrose Bank into diverse and attractive residential areas.

2.2 The first phase of the scheme involves the construction of 331 new social and private homes, the modernisation and refurbishment of 318 existing council homes and selective demolition of existing properties. High quality public open spaces, improved car parking and new community facilities will also be created to build sustainable communities.

Below is a Summary of the construction scheme outputs and current progress as of 23 February 2015.

<table>
<thead>
<tr>
<th>Site</th>
<th>Refurbishment of Existing Homes for Social Rent</th>
<th>Construction of New Homes for Social Rent</th>
<th>Construction of New Homes for Sale</th>
<th>Construction of Community Centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primrose Bank</td>
<td>45 (certified)</td>
<td>121 (certified)</td>
<td>12 (not applicable)</td>
<td>1 (certified)</td>
</tr>
<tr>
<td>Crossley</td>
<td>273 (fully certified)</td>
<td>83 (certified)</td>
<td>(not applicable)</td>
<td>1 (certified)</td>
</tr>
<tr>
<td>Dew Way</td>
<td>(not applicable)</td>
<td>36 (certified)</td>
<td>2 (certified)</td>
<td>(not applicable)</td>
</tr>
<tr>
<td>Keswick Ave</td>
<td>(not applicable)</td>
<td>77 (certified)</td>
<td>(not applicable)</td>
<td>(not applicable)</td>
</tr>
</tbody>
</table>

2.3 The second phase of the scheme will see the provision of a high quality facility management service, overseen by the Council. This service will ensure that the both the hard and soft physical assets are properly maintained and an excellent housing and estate management service is received by residents for the full 25 year term of the concession.

New Build specification

2.4 Construction of all new homes (both for sale and for Council-owned for rent) is to Code 3 for Sustainable Homes. This means that all new homes will be fitted with:

- solar thermal equipment to pre heat water via solar panels
- water butts
- secure cycle storage
- energy saving light fittings
- washing lines
- super insulation

2.5 In addition to Code 3 standards, all new Council-owned homes for rent will be constructed as Lifetime Homes. This means they will benefit from features which will include:
- flush thresholds
- door openings wide enough to allow the passage of a wheelchair
- downstairs wc that can easily be converted into a level access shower
- light switches and sockets at heights suitable for wheelchair users
- External within curtilage gradients no greater than 1:10
- Straight stairs for ease of retro fitting a stair lift
- Knock through panels for ease of retro fitting a vertical lift

**Wheelchair Accessible Homes**

2.6 Fifteen houses across the four sites have been constructed and are specially designed to allow permanent wheelchair users to be as comfortable and mobile as possible and can easily be further retro-adapted to meet specific needs.

2.7 All fifteen homes are for social rent and have been pre-allocated from the Council’s Disabled Housing Register by a dedicated specialist Occupational Therapist.

**Community Centres**

2.8 New community centres have been constructed and are fully operational in two of the neighbourhoods. The first one, is at Crossley in Chadderton, with the second at Primrose Bank.

2.9 The centres have fully constituted governance boards, controlled by active members of the local community and are supported by Great Places Housing Group and officers from the Council’s Neighbourhood directorate.

2.10 Business plans are in place for both centres and they offer a wide range of social, leisure and educational activities, which are complementing the physical transformation of the neighbourhoods.

**Refurbishment specification**

2.11 At Primrose Bank and Crossley, 122 retained Council-owned houses have been fully refurbishment and modernised. The scope of works has included:

- new roofs,
- insulation
- replacement of windows and doors
- full re-wire
- full re-plaster
- new bathrooms and kitchens
- new boundary treatments
- new patios and turf to gardens

2.12 At Crossley, 194 Council-owned flats have been fully re-furbished. The flats are located in two 14-storey high rise blocks and three medium rise blocks. All communal areas have been re-furbished.

2.13 In addition, at Primrose Bank and Crossley, 130 former Council-owned houses (Right to Buys) have benefitted from:

- rain water goods and boundary treatments, free of charge
- full refurbishment packages or parts thereof at cost price
Get Oldham Working

2.14 The Housing PFI scheme has in place a local labour agreement which has to date delivered 43 new entrants into employment over the first phase. These new employment opportunities have been generated either directly on the construction sites or through the supply chain.

2.15 In addition, the construction programme has also created a total of 1,139 unpaid weeks targeted at Oldham residents who are seeking work experience and has helped better position them in the job market.

2.16 The facility management services (FM) have also contributed to the Get Oldham Working programme in the following ways:-

- Great Places Housing Group and Wates Facility Management are co-located on Union Street in Oldham and as a medium size local employer have created a wide range of local employment opportunities in their various operational service teams. Staffing from Great Places and Wates FM have also contributed regularly to Job Fairs, the delivery of careers advise in local schools and continue to make a contribution to the Oldham town centre pound, through utilising local shops and businesses.
- The Council and Great Places have also successfully completed several housing services apprenticeships since the contract began in 2011.
- The two new community centre steering groups have agreed to contribute £4,000 to the get Oldham Working apprentice program, in order to employ a trainee caretaker.
- New homes for social rent are targeted at those seeking employment and training opportunities through the WorkingXtra housing allocation policy.

How the Council oversees the project

2.17 The Council’s PFI Housing team provides a client function role for the Council to actively monitor and quality assure the delivery by Inspiral of both the technical and facility management services of the scheme. In addition, the team ensures the scheme ties into the wider Co-operative Council and partnership themes and meets the expected business case outcomes as agreed with Central Government, including identifying any operational savings.

2.18 Specialist advice is also exercised by the PFI Housing Team to ensure contractual compliances are achieved in the following areas - Finance, Legal and Technical.

3 Homes for Sale on the Open Market

3.1 The scheme originally included a separate development agreement for the construction of 76 homes for sale within the Primrose Bank development and 10 homes for sale at Dew way. However, the initial 12 completed homes at Primrose Bank and two at Dew Way failed to sell quickly and further construction has stalled.

3.2 Council officers consulted individuals who had viewed the above houses, but declined to purchase. This consultation revealed several reasons why the homes did not sell. The Council is now investigating a number of options to ensure the private homes for sale are developed out.
4 Quarter 4 Performance 2014.

4.1 Environmental and caretaking services

Additional Caretaking Tasks with quarter.

<table>
<thead>
<tr>
<th>Task</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLY-TIPPING</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>ESTATE CLEAN</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>GRAFFITI</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>SITE INSPECTION</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>BLOCKED SHUTE</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>KEY WORKER</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

4.2 Day to day repairs

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1(A) attend within 2 hours complete in 24 hours</td>
<td>Total Repairs</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>Percentage achieving Target</td>
<td>100%</td>
<td>100%</td>
<td>99%</td>
</tr>
<tr>
<td>P1(B) attend within 2 hours complete within 5 working days</td>
<td>Total Repairs</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Percentage achieving Target</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>P1(C) attend within 24 hours complete within 5 working days</td>
<td>Total Repairs</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Percentage achieving Target</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>P2(D) attend within 5wd complete within 7 working days</td>
<td>Total Repairs</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Percentage achieving Target</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>P3(E) Complete within 14 working days</td>
<td>Total Repairs</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>Percentage achieving Target</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total number of repairs</td>
<td>81</td>
<td>86</td>
<td>79</td>
</tr>
</tbody>
</table>
4.3 **Inspiral Helpdesk Call volumes and response rates**

- 92.66% of all customer enquiry calls answered within 15 seconds

4.4 **Allocations and Voids**

- Re-let time for the period achieved required KPI, 21 days. A total of 99 properties were allocated between October and December 2014.
5 Financial Comments

5.1 The PFI4 project is a 25 year scheme, which started in November 2011. As is normal accounting practice for PFI schemes, a PFI4 Reserve Account was set up at scheme commencement.

5.2 Income to the Reserve Account consists of government awarded PFI credits, HRA contribution for the management and maintenance of the dwellings and investment income earned from Reserve balances. Expenditure includes unitary charge payments (to Inspiral) and project monitoring costs.

5.3 Other than the PFI credits, which are fixed throughout the life of the scheme, all income and expenditure, to the Reserve Account, is subject to inflationary increases. In the early years, the PFI credit exceeds expenditure requirements. These early year 'surpluses', plus the investment interest that they earn, are used to meet latter year 'deficits'.

5.4 At the end of the scheme, any surplus on the Reserve Account is credited to the HRA ~ conversely; any deficit has to be funded by the HRA. The Reserve Account is closely monitored, with reports presented to each meeting of the PFI Housing Board (usually every two months). At present, a small surplus is forecast.

(Andy Cooper – Oldham Council)