

Report of: Head of Oxford City Homes

To: Executive Board

Date: 3 December 2007 **Item No:**

Title of Report: Strategy for Tower Blocks

Summary and Recommendations

Purpose of report: To present the proposed Strategy for tower blocks which aims to provide a realistic long-term asset strategy beyond the decent homes 2010 deadline.

Ward(s) affected: Blackbird Leys, Churchill, Cowley, Marston.

Key decision: Yes

Portfolio Holder: Councillor Patrick Murray.

Scrutiny Responsibility: Housing Scrutiny Committee

Report Approved by:-

Portfolio holder: Patrick Murray

Strategic Director: Michael Lawrence

Legal: Jeremy King

Finance: Dave Higgins

Policy Framework: To meet the decent homes standard by 31 December 2010.

Recommendation(s):

1. To bring all five tower blocks up to decent homes standard by 31 December 2010 and undertake a feasibility study on the longer term options. Option (e) in the report.
2. To determine a clear long term strategy for Hockmore Tower, Option (f) in the report.

Background –

1. A major stock option appraisal was completed in accordance with Government requirements and a full appraisal presented to Members on 20th May 2005.
2. Following consultations with tenants and recommendations from the Executive Board, Members agreed to retain and manage the whole of the Council's housing stock at a meeting of the Full Council on 20th June 2005
3. A financial appraisal produced by Butlers (Treasury Management Advisors) identified that only the minimum standard for decent homes was feasible and that there was a gap in funding, from the appraisal date to 31st December 2010, of £27m. Potential income from the sale of Houses of Multiple Occupation (HMO's) reduced this gap to £22m.
4. The gap, over a thirty-year period, increased to £33m.
5. The minimum investment needed, from 2003/04 up to the decent homes target date of 31 December 2010, was £73.9m and £204.4m over thirty years. Although the Government has set the decent homes target of all Council stock to be decent by 31 December 2010, it is predicted that beyond 2010/11 an additional £1m plus, over and above current predicted income, will be needed per annum to maintain the ongoing decent homes programme.
6. As a social landlord, the Council needs to look beyond Decent Homes by considering a long-term strategy that both maintains and improves our current stock but also looks to work with our partners to increase the supply of affordable housing.
7. Forecast HRA surpluses of circa £1.5m per year could support prudential borrowing up to £24m with reduction in service. However, Members and officers agreed that long-term borrowing is not an option that they wish to pursue. Instead, officers were requested to look at potential disposals and/or cost reductions.
8. To date there has been a rather piecemeal approach and direction is needed so that the Council is able to maintain a viable housing stock. This report is part of the overall HRA Housing Strategy which is elsewhere on the agenda.

Current position –

9. A recent review of the Council's five tower blocks has been undertaken following extensive internal and external surveying by consultants and specialists. The review concluded that the blocks

could have a further life of at least 30 years providing that a number of structural and design faults were remedied. Consultants are reluctant to speculate on the blocks' length of life beyond this period but with periodic testing and maintenance works, the blocks are expected to have a life considerably in excess of the thirty years. The following is a summary of the reviews findings:-

a) Hockmore Tower, Cowley.

An eight storey block situated within the Cowley shopping centre (Templar Square) with 58 units, 12 of which are leaseholders. The two lower floors of this block form part of the shopping centre and it is considered therefore, to have significant potential for development by others.

b) Plowman Tower, Northway and Foresters Tower, Woodfarm.

These are sister blocks each having sixteen stories and built in the mid 60's with individual recessed balconies. There are 85 units to each of which there are 15 leaseholders in Plowman and 12 in Foresters. It is considered that the footprint of Plowman Tower lends itself to potential development and it is central to the Re-generation plans for Northway, the early stages of the process has started but no proposals or timetable have been agreed. The footprint of Foresters Tower is smaller and further work is necessary on re-development potential over a wider area.

c) Windrush Tower and Evenlode Tower, Blackbird Leys.

These sister blocks are 15 stories high, built in the mid 60's with recessed balconies to each flat. Both blocks have 60 units of accommodation of which 4 in Windrush and 7 in Evenlode are leaseholders. The footprint of Windrush is not considered large enough for re-development although development of the recently demolished garage blocks to the rear of it may provide scope for a small new-build project. Recent proposals for the redevelopment of the Oxford and Cherwell College Campus appear to include social housing within their plans but full details are not yet known. As this Campus is adjacent to Evenlode Tower there may be scope to develop this area to provide an equivalent number of social housing units.

10. Initial indications are that, of all the blocks, both Hockmore Tower and Plowman Tower are the ones that have most development potential but further detailed work would be needed to assess the viability of this, taking all factors into account, particularly tenant and leaseholder issues.

11. Tower blocks summary

Block	Total Units	No. of leaseholders
Hockmore Tower	58	12
Plowman Tower	85	15
Foresters Tower	85	12
Windrush Tower	60	4
Evenlode Tower	60	7
	348	50

Common Factors to all Tower Blocks

12. It should be noted that in almost all cases the improvement works can be carried out with the tenant insitu. Any elderly or disabled tenants that would prefer to be decanted while the works are carried out will be found permanent or temporary accommodation to suit their needs. A temporary refuge will be provided in each block for tenants during the refurbishment of their flats. Works will not be undertaken to flats subject to RTB or lease agreements.
13. Structure – all were in good condition with limited denigration considering their 40-year life to date. There is a recommendation to install more wall ties, especially if additional loading in the form of insulation is applied. Cold bridging is a common problem particularly adjacent to balconies, the ends of floor/ceiling slabs and external columns. This results in an increased risk of condensation and associated black mould.
14. Decent Homes works – a number of flats have already been improved during void works but the remaining will need, in the main, new kitchens and rewiring. Heating/insulation is covered separately below.
15. Windows – all blocks have PVCu double glazed windows but due to their age, a number of weather seals have deteriorated and double-glazing panels failed. This, together with dated design and poor ironmongery, has resulted in the recommendation to replace the windows at the same time as the installation of external insulation in order to save on significant scaffolding costs in the near future.
16. Roofing – infrared thermographic imaging has shown that only Hockmore Tower has significant problems and that these could be overcome with a patch solution.
17. Heating/Insulation – all blocks have dated electric storage heating systems and therefore, as a minimum, new controllable electric

storage heating should be installed which, together with improved insulation, would provide more affordable heating for tenants. Consideration could be given to the installation of a new energy efficient Combined Heat and Power (CHP) system powered by gas or a biomass system. A recent report to look at Windrush and Evenlode blocks has been commissioned and the initial findings show that CHP is feasible. The consultants have estimated that Capital funding of £1.1m per block (including a boiler room, new infra-structure of pipe-work and metering, together with controls and a new wet radiator system to flats) is needed. As new heating will be needed anyway, this would result in an estimated average extra-over cost of £965k per block. These estimated costs are the consultants and are subject to closer scrutiny.

18. Digital TV – all blocks, with the exception of Foresters Tower, need upgrading to digital TV with the facility to have a satellite receiver on the roof, which would prevent unwanted satellite dishes on the face of the blocks.
19. Fire prevention – it would be prudent to improve the standards of fire doors in communal areas and the fire escape routes within flats together with upgraded fire alarm systems. The fitting of automatic smoke vents to communal lobbies and fire stops between floors is required as well as improved emergency lighting and signage.
20. Lifts – all lifts have been reconditioned within the last fifteen years but do not meet current standards. All blocks have two lifts but, with the exception of Hockmore Tower, each lift stops on alternate floors. It is therefore proposed, that new lifts are installed with a facility for each one to stop at every floor.
21. Communal electrics – the mains supply needs upgrading and lengthy discussions are continuing with suppliers over its renewal. A major stumbling block being the capacity of the system, if a CHP system were to be installed the capacity of the existing supply would not be a problem and therefore the suppliers would be solely responsible for the replacement. Communal lighting levels need to be improved and be made more energy efficient.
22. Asbestos – in most cases this would be removed when internal works are undertaken, but in some cases encapsulation is more appropriate. In all cases, advice from the Council's Asbestos Technician would be taken.
23. Security – a pilot CCTV scheme is shortly to be installed at Foresters Tower and a further specific report on this will be presented to Members at a later date. Based on the experience of the pilot, CCTV will be installed to all blocks on an incremental basis.

24. Leaseholders – full consultation will be undertaken with tenants and leaseholders alike, however, the costs recoverable from leaseholders are currently being assessed. The costs of repair/renewal are covered within the leases but legal advice is that the cost of some improvements, such as insulation, upgrading communal areas and even the installation of new lifts may not be rechargeable. Even without these, leaseholders charges are likely to be high and therefore resisted by the leaseholder. This could slow down the work programme considerably unless the Council has a robust strategy for addressing recharges.

Currently Oxford City Homes are actively encouraging leaseholders to become involved in the Repairs and Improvements Topic Panel. This will be a forum where all repair/improvement issues will be discussed with tenants, and leaseholders, who have expressed an interest in being involved with this topic.

Options

25. The options are as follows:-

- a) Carry out decency work only, up to value in current programme of £8.257m.

Risks being that this expenditure will be incurred without giving any longevity to the lifespan and not addressing key problems with the structure etc. Extension of time by GOSE/CLG may also not be granted.

- b) Carry out full programme of works and identify and approve asset disposal to finance spend.

Risks being that very heavy expenditure is incurred and prospective new tenants remain reluctant to bid for accommodation. Need a clear idea of how to fund it. There are potential problems with leaseholders making contributions towards costs.

- c) Conduct a detailed investigation into how potential developers would assess the viability of purchasing one of the tower blocks and assess how the Council would accommodate existing tenants and deal with leaseholders. The objective of which is to reduce liabilities and/or generate income. This potentially being part of a re-generation programme.

The risks to this are that there may not be a reduction in liability and still have major longer-term costs to accommodate tenants. There are potential buyout

problems with leaseholders. The Council will still have to dispose of other assets to fund the gap.

- d) Consider the potential of sale and leaseback.

The risk is that it is more expensive long term and the Council would lose control.

- e) A combination of a) and carrying out a full feasibility study. The blocks being made decent in the short term but a programme to re-develop/improve the area and or blocks being undertaken up to 2020. Detailed work on the development potential and realistic timescales would have to be carried out by a specialist consultant as the Council does not have the necessary resource/expertise to undertake this. This approach would give short term essential maintenance followed by longer term re-development/re-generation.

The risks being that GOSE may not approve of this approach, abortive work will be undertaken and the fact that if decent homes work and improvement works are carried out at different times, increased costs are inevitable and there may be some disturbance to previously undertaken work. Further risks being, long time span, fewer social housing units, vacant possession required and considerable tenant and leaseholder issues.

- f) The situation with regard to Hockmore Tower is a little different and the options for redevelopment etc. more limited because it is attached to the Templar Square Shopping Centre. Therefore, notwithstanding the decisions made above, separate consideration may need to be given in respect of this block.

Financial Implications

- 26. The following chart shows the estimated costs for all five of the Council's tower blocks:-

Costs to 20010/11

ELEMENT	SAVILLS'S ESTIMATE £000's	REVISED COST PLAN £000's
Decent Homes	6,257	6,680
Structure	2,000	4,962
Fire Precautions		668
Communal Works		1,652
Balconies		1,000
Statutory Costs		176
TOTAL	8,257	15,138
Leaseholder Charges – if 100% of costs are recovered		1,300
Council Funding Required		13,838
Less already allocated following the Savills survey		8,257
SHORTFALL		5,581

Note:- as mentioned in paragraph 24 above, legal advice is that the Council will not be able to recover many improvement costs from leaseholders, in this case the shortfall could increase by approximately £1m to £6.6m.

The figures within the chart do not include the cost of installing CHP, which could result in further costs of £4.5m. Grants could offset some of these costs and there will be revenue savings but in the main, residents will be the main beneficiaries with lower fuel bills. It would however go a long way to helping the Council achieve it's carbon emissions target.

27. If all suggested works are carried out, tower blocks would have a further 30 year life span at a cost of £15.139m or an average spend of £43,500 per unit (ignoring leaseholder contributions). A lead in time to carryout this work by external contractors is likely to be around 18 months and take up to three years to complete. This time span takes us beyond 31 December 2010. However GOSE have indicated that extra time would be granted if there was a firm decision and plan on what was being achieved (e.g. extending lifespan by 30 years) and an approved plan on how the spend would be financed.

Legal Implications

28. As indicated above, legal advice is that the Council will not be able to recover many improvement costs from leaseholders.

29. Detailed legal advice will be obtained as part of the proposed feasibility study by consultants and will be presented to Members as part of a future report.

Timetable

30. Indicative timetable for achieving option 25(e) above within current financial limits:-

2007/08/09 Carryout detailed appraisal of development potential of blocks and surrounding area and linking into known future re-generation projects.

Subject to the outcome of the above appraisal-

2008/09 Windrush Tower decent homes work
2008/09 Evenlode Tower decent homes work
2009/10 Plowman Tower decent homes work
2009/10 Foresters Tower decent homes work
2010/11 Hockmore Tower decent homes work

Possible timetable for blocks with current potential for re-generation/development-

2009/13 Options for Evenlode Tower in association with development of the adjacent campus and garage site for new-build social housing.
2010/16 Regeneration of Northway area to include options for Plowman Tower and new-build social housing.
2010/16 Within this period, and subject to the outcome of re-generation/development projects providing the necessary Capital receipts, carryout works over and above decent homes to Windrush Tower and Foresters Tower.
As stated in paragraph 25(f), separate consideration is necessary in respect of the long term future of Hockmore Tower.

31. There are of course, many variations possible, some of which will be eliminated once the results of the proposed appraisal are known. It is imperative therefore that a full appraisal is carried out in the next financial year in order that a clear programme and financial profile is known.

Proposals

32. To adopt option 25(e) above, to bring all five blocks up to decent homes standard by 31 December 2010 and, in the short term, employ a specialist consultant to appraise the options and produce a report setting out a realistic timescale and financial profile. It is

estimated that this will cost in the region of £40k and it is proposed to bid for this project in the next financial year's budget (2008/09).

33. Also, separate consideration is necessary in respect of the long-term future of Hockmore Tower (option 25(f)).

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Background papers: Savills report data
Capital receipts data

