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| <b>REPORT TO:</b>              | <b>Housing and Community Services Committee</b>  | <b>AGENDA ITEM: 10</b>           |
| <b>DATE OF MEETING:</b>        | <b>6<sup>th</sup> February 2014</b>  | <b>CATEGORY: Delegated</b>       |
| <b>REPORT FROM:</b>            | <b>Director of Housing and Environmental Services</b>  | <b>OPEN</b>                      |
| <b>MEMBERS' CONTACT POINT:</b> | <b>Gary Clarkson<br/>Ext 5897</b>  | <b>DOC:</b>                      |
| <b>SUBJECT:</b>                | <b>Progress report:<br/>Five year improvement programmes for council housing (April 2012 – March 2017)</b> | <b>REF:</b>                      |
| <b>WARD(S) AFFECTED:</b>       | <b>All</b>   | <b>TERMS OF REFERENCE: HCS01</b> |

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## **1. Recommendations**

- 1.1 Members approve this progress report during year two (2013/2014) of the five year programme, the scheduling amendments as detailed in the report and the budgetary amendment at 1.2.
- 1.2 That the unforeseen decent homes allocation be increased for 2014/15 to £127,000 for the reason detailed in the report.

## **2. Purpose of Report**

- 2.1 To provide a progress report as requested at the February Committee 2012, which details the anticipated progress to the end of the second year (March 2014) and the remainder of the five year programme to March 2017.
- 2.2 To inform members of programmes that have been subject to minor changes following more detailed surveys and analysis, or unforeseen works that have occurred since the original committee report. Overall, and primarily as a result of less work being required once contractors have been on-site as well as grant income received, the five year programme is currently projected to come in under budget.

## **3. Detail**

### **3.1 Decent Homes Standard**

- 3.1.1 All of the Council's properties remain compliant with the Decent Homes Standard as a result of the works undertaken between March 2012 and December 2013, and this is expected to be the same at the end of the current financial year.

3.1.2 However, this has only been achieved by changing the priorities within the property lists to advance properties that have been found to include an element that would cause them to become Non-Decent e.g. routine property inspections or complaints from tenants revealed elements planned to be improved in (say) 2016 necessitated being brought forward to an earlier contract.

### 3.3 Procurement Plan for the Five Year Period

3.3.1 During 2012 and 2013, all of the major contracts were tendered and awarded in accordance with the Council's Policies and Procedures, including compliance with European Procurement rules where required.

3.3.2 Appendix A includes a schedule of all of the current contracts, the initial and maximum contract periods with their start / finish dates.

3.3.3 Due to the delays in procuring the contracts, as previously reported, the majority of contracts are not initially running on the traditional financial year format timescale of April to March. However we anticipate bringing them back into line with the traditional timescales unless the current format is shown to have advantages.

### 3.4 Changes to Programmes

3.4.1 Planned External Maintenance works ended on the 31<sup>st</sup> March 2013 with a nine month gap in any works before the new contract started on the 6<sup>th</sup> January 2014, due to the Corporate review of the procurement process, as previously reported. For this reason, the new contract was tendered on a programme whereby the contractor would catch up by the end of the second year i.e. do two years work in a 15 month period. The new programme is attached as Appendix B.

3.4.2 As stated in the October 2013 report, and as previously approved by Committee, contract extensions were used to ensure that essential heating, kitchen or to a lesser extent, bathroom works were undertaken whilst the procurement of the relevant contracts continued.

3.4.3. As these interim measures were essentially to deal with non-decent situations only, rather than to continue the programmes in full, there was a drop in expenditure on these elements.

3.4.4 Conversely, the Roofing and External Insulation programmes have, as previously approved by the Committee, both been accelerated to take up the shortfalls in expenditure, with the added benefit of the additional properties being completed at current contract rates rather than possible increased rates if undertaken after a 1<sup>st</sup> April 2014 uplifts in the rates. The external insulation work undertaken by the Council prior to March 2014 will have attracted grant aid of approximately £146,000.

3.4.5 Changes to the types of insulation works for which grant funding will be available after April 2014 means that the remaining works to improve the loft insulation standards to the current guide requirement of 275mm will not attract a grant unless the existing level is less than 60mm. Fortunately, the Council has been receiving either full or part funding to increase the loft insulation in all but 156 properties since the programme commenced in 2005. Of the 156 properties, 76

have failed to respond to letters, visits or calling cards and the remaining require a top up of 100mm or less for which there is no funding. It is proposed to include all of these properties on a final programme for 2014/2015 and, due to the small numbers left, to negotiate an extension of a previous contract. Grant aid will be applied for, for any properties that qualify. In addition the Council will also become directly involved in securing access rather than relying solely on the contractor.

- 3.4.6 The Council has made a commitment to tenants that all properties will have an over-bath-shower installed by 2017. It is expected that 328 showers will have been installed by the end of March 2014, either on the previous Replacement Bathroom contract, the current Electrical Rewire contract or the initial one year over-bath-shower contract. The replacement bathrooms and over-bath-showers programmes will now be amalgamated into the new Bathroom Contract from January 2014. The new contractor is expected to install an average of 30 showers per week once initial surveys have established requirements with a view to being back on programme by the end of March 2015.
- 3.4.7 The Council also committed to ensuring that all properties have the latest mains connected smoke detectors installed and these upgrades started with:
- a) The previous Electrical Repairs and Maintenance contract in November 2012,
  - b) The current Electrical Rewire Contract 2012/2015 in November 2012,
  - c) A dedicated programme to replace alarms which was tendered in the Electrical Rewire Contract 2012/2015 and commenced in January 2013.
- 3.4.8 The cost of the new alarms was estimated as £760,000 over a four year period on the assumption that the majority of the properties would require wiring alterations to suit the new alarms. This has proved not to be the case and there will be a considerable saving in the region of £445,000. The upgrades will be complete as follows:
- a) The dedicated like-for-like programme by the 31<sup>st</sup> March 2014, except where access has been an on-going issue.
  - b) Those included in the Electrical Rewire Contract 2012/2015 will be completed by 31<sup>st</sup> March 2015.

The access problem properties will be picked up during the following financial year. It is anticipated that at the end of March 2014 works to all but 350 properties will be complete.

- 3.4.9 The pilot garage site improvements works were also delayed due to the Corporate review of the procurement process. The pilot scheme was being finalised when this report was being prepared and should be due to start in March 2014 for an end of April 2014 completion.
- 3.4.10 Lift replacements to Coniston Court, Swadlincote, Peartree Court, Etwall and Unity Close, Church Gresley were expected to be complete by 31<sup>st</sup> March 2013. However, complications with each of the lift installations, especially at Unity Close, required an alteration to the original specification. It is now anticipated that the lifts at Coniston Court and Peartree Court will be completed by 30<sup>th</sup> April 2014. Following a separate feasibility study undertaken on the Unity Close lift, the design of a platform style lift is being finalised. The made-to-measure

platform lift will be subject to an 8 – 12 week delivery period which will result in an anticipated completion date of May 2014. The lift replacement works will be co-ordinated, planned and carried out in consultation with the residents who rely on such essential facilities, to ensure that little or no loss of amenity is experienced whilst the works are being undertaken. In addition the contractor and Housing Service will provide additional support to residents during the minimum of three weeks the lifts will be out action i.e. practical help with shopping bags, additional warden visits, etc.

3.4.11 The Council has 222 properties classed as non-traditional construction. The Council has undertaken an initial investigation into the future of these properties, and requires some external specialist advice to formulate a strategy for the future of non-traditional properties. The approved appointment of a specialist was delayed, as reported at the October 2013 Committee, to allow concentration on the larger scale projects. At the time of writing this report, we were waiting for a fee proposal from the consultant that prepared the previous analysis reports, in preference to employing a new consultant to re-survey all of the properties.

### 3.5 Expenditure

3.5.1 The table below shows the anticipated spend for 2013/2014 to 31 March 2014 and the proposals for 2014/2015.

| <b>BUDGET AND EXPENDITURE PROFILE (£)</b> | Budget to 31st March 2014 | Anticipated expenditure to 31st March 2014 | Variance between expenditure and budget from 2012 to 2014 | Original 2014-2015 budget | Adjustments to programmes and budget | Amended 2014 - 2015 budget |
|---|---------------------------|--|---|---------------------------|--------------------------------------|----------------------------|
| Planned external maintenance              | 1,286,000                 | 1,057,044                                  | 228,956   | 668,000                   | 0                                    | 896,956                    |
| Kitchen replacements                      | 1,500,000                 | 1,092,567                                  | 407,433   | 800,000                   | - 400,000                            | 807,433                    |
| Bathroom replacements                     | 620,000                   | 502,249                                    | 117,751   | 350,000                   | 0                                    | 467,751                    |
| Central heating                           | 1,650,000                 | 1,733,521                                  | - 83,521  | 900,000                   | 85,000                               | 901,479                    |
| Electrical Rewires                        | 1,150,000                 | 1,149,856                                  | 144   | 600,000                   | 0                                    | 600,144                    |
| Roofing                                   | 1,000,000                 | 1,536,562                                  | - 536,562   | 900,000                   | 800,000                              | 1,163,438                  |
| External insulation                       | 340,000                   | 428,174                                    | - 88,174  | 170,000                   | 0                                    | 81,826                     |
| Loft Insulation                           | 188,000                   | 26,123                                     | 161,877   | 2,000                     | - 140,000                            | 23,877                     |
| Door replacements                         | 300,000                   | 233,900                                    | 66,100  | 150,000                   | - 80,000                             | 136,100                    |
| Window replacements                       | 200,000                   | 261,053                                    | - 61,053  | 50,000                    | 100,000                              | 88,947                     |
| Showers and extract fans                  | 1,000,000                 | 316,254                                    | 683,746   | 600,000                   | 0                                    | 1,283,746                  |
| Smoke Alarms                              | 370,000                   | 314,450                                    | 55,550  | 250,000                   | - 305,550                            | 0                          |
| Non-traditional properties                | 120,000                   | 15,000                                     | 105,000   | 0                         | 0                                    | 105,000                    |

| <b>BUDGET AND EXPENDITURE PROFILE (£)</b>  | Budget to 31st March 2014 | Anticipated expenditure to 31st March 2014 | Variance between expenditure and budget from 2012 to 2014 | Original 2014-2015 budget | Adjustments to programmes and budget | Amended 2014 - 2015 budget |
|--|---------------------------|--|---|---------------------------|--------------------------------------|----------------------------|
| Environmental and garage site Improvements | 300,000                   | 30,000                                     | 270,000   | 150,000                   | - 200,000                            | 220,000                    |
| Community Rooms / communal areas           | 30,000                    | 20,000                                     | 10,000  | 20,000                    | 0                                    | 30,000                     |
| Lift replacements                          | 60,000                    | 84,113                                     | - 24,113  | 30,000                    | 50,000                               | 55,887                     |
| Unforeseen Decent Homes work.              | 124,346                   | 141,486                                    | - 17,140  | 47,673                    | 90,550                               | 121,083                    |
|  | <b>10,238,346</b>         | <b>8,942,352</b>                           | <b>1,295,994</b>  | <b>5,687,673</b>          | <b>0</b>                             | <b>6,983,667</b>           |

### 3.6 Proposed Alterations to Allocating Properties to the Programme

- 3.6.1 The initial five year programme was derived from information collected during the 2009 Stock Condition Survey supplemented by in-house information and local knowledge.
- 3.6.2 From the 25% 2009 internal surveys, assumptions were made about the needs of similar properties to determine either which streets should be included in full or where only selected numbers were required.
- 3.6.3 The use of a 25% sample size is accepted as a robust sample within the surveying industry. However, experience is now showing that the further we move, in date terms, away from the initial base data the less robust that information is.
- 3.6.4 Where properties have required immediate improvements, such as heating failure and are included in a later year of the programme, they have been prioritised and brought forward to the current year. Where they are not included in any of the five years, the works has been allocated to the Unforeseen Decent Homes budget. The budget has however only been a minor amount and as we move further away from the original base information is not proving adequate to meet the need.
- 3.6.5 During the programme to-date, if any properties that are included within the first five year programme are shown not to need the improvement, where the 25% sample has not proved to be a true indicator, or where conditions have not deteriorated as anticipated, or works have been undertaken as part of the voids programme, they have been omitted from the programme. In other words, some properties are deleted from programmes as well as other properties needing to be added in.
- 3.6.6 To ensure that properties are not unreasonably excluded from the programme when their condition now warrants an upgrade / improvement, the size of the

Unforeseen Decent Homes budget is proposed to be increased to allow for these properties to be included in the remainder of the five year plan.

### 3.7 Disabled Adaptations

3.7.1 The major adaptations process and budget monitoring continues to be managed and procured as part of the Housing Strategy team's responsibilities. The budget of £300,000 has been fully allocated for the 2013/2014 financial year.

3.7.2 The approved five year programme includes for an allocation of £270,000 for the 2014/2015 financial year.

## 4. Financial Implications

4.1 The report is not proposing an increase of previously planned expenditure. It is proposing adjustments to previously profiled spend for 2014/2015 to ensure that the agreed five year programme is achieved.

## 5. Corporate Implications

5.1 The corporate implications of the approved five year programme has direct relevancy on all four of the Council's corporate themes and specifically on a number of priorities contained within each theme.

## 6. Community Implications

6.1 The approved five year programme is delivering on tenant priorities of replacing tired and outworn internal fittings, environmental improvements and the provision for overbath showers.

## 7. Background Papers

7.1 Housing Revenue Account Business Plan June 2011

7.2 Housing and Community Services Committee – February 2012

7.3 Housing and Community Services Committee – October 2012

7.4 Housing and Community Services Committee – June 2013

7.5 Housing and Community Services Committee – October 2013

### Appendices

A. Contracts Schedule

B. Revised Planned Maintenance Programme

Appendix A - Contracts Schedule

| <b>Contract Name</b>   | <b>Contractor</b>              | <b>Contract start date</b> | <b>Initial Term (*not full years)</b> | <b>Maximum Extension</b> |
|--|--------------------------------|----------------------------|---------------------------------------|--------------------------|
| <b>Planned External Maintenance</b><br>(which includes roof repairs, external fabric repairs, replacement external doors and windows, environmental works and works to community rooms and communal areas) | Harvey & Clark Ltd             | 06/01/2014                 | 3                                     | 2                        |
| <b>Kitchen Replacements</b>  | Laker BMS Ltd                  | 01/12/2013                 | 3                                     | 2                        |
| <b>Bathroom and Shower Installations</b>   | Matthews and Tannert Ltd       | 01/12/2013                 | 3                                     | 2                        |
| <b>Heating Replacements</b>  | Renuvo Ltd                     | 01/12/2013                 | 3                                     | 0                        |
| <b>Electrical Rewires</b><br>(which includes over-bath-showers, where required, and a smoke alarm replacement programme)   | British Gas Social Housing Ltd | 01/11/2012                 | 3*                                    | 2                        |
| <b>Roofing</b>   | G. Purchase Ltd                | 07/01/2013                 | 3*                                    | 2                        |
| <b>External insulation</b><br>(which includes roof repairs, external doors and windows, where required)  | Harvey & Clark Ltd             | 20/05/2013                 | 2                                     | 0                        |
| <b>Lift Replacements</b>   | AXIS Limited                   | 06/01/2014                 | 1*                                    | 0                        |

## Appendix B – Revised Planned Maintenance Programme

| <i>Planned Maintenance Areas</i> | <i>Locality</i>   | <i>Postcode sector</i> | <i>Total</i> | <i>Total Properties</i> | <i>Programme dates</i>  |
|----------------------------------|-------------------|------------------------|--------------|-------------------------|---|
| Area 1: 2013-2014                | Aston On Trent    | DE72 2                 | 13           | 659                     | Surveys and works to commence in January 2014 and be completed prior to commencing works on Area 2 during 2014. |
|                                  | Elvaston          | DE72 3                 | 1            |                         |   |
|                                  | Hartshorne        | DE11 7                 | 215          |                         |   |
|                                  | Kings Newton      | DE73 1                 | 2            |                         |   |
|                                  | Melbourne         | DE73 1                 | 188          |                         |   |
|                                  | Midway            | DE11 7                 | 146          |                         |   |
|                                  | Shardlow          | DE72 2                 | 54           |                         |   |
|                                  | Smisby            | LE6 5                  | 4            |                         |   |
|                                  | Thulston          | DE72 3                 | 3            |                         |   |
|                                  | Ticknall          | DE73 1                 | 9            |                         |   |
|                                  | Weston On Trent   | DE72 2                 | 24           |                         |   |
| Area 2: 2014-2015                | Midway            | DE11 0                 | 239          | 600                     | Works to commence in 2014 after the completion of Area 1. Area 2 to be complete by 31st March 2015.             |
|                                  | Swadlincote       | DE11 0                 | 178          |                         |   |
|                                  |                   | DE11 8                 | 106          |                         |   |
|                                  |                   | DE11 9                 | 77           |                         |   |
| Area 3: 2015-2016                | Newhall           | DE11 0                 | 574          | 574                     | April 2015 - March 2016   |
| Area 4: 2016-2017                | Barrow on Trent   | DE73 1                 | 1            | 595                     | April 2016 - March 2017   |
|                                  | Bretby            | DE15 0                 | 1            |                         |   |
|                                  | Church Broughton  | DE65 5                 | 2            |                         |   |
|                                  | Coton In The Elms | DE12 8                 | 24           |                         |   |
|                                  | Egginton          | DE65 6                 | 4            |                         |   |
|                                  | Etwall            | DE65 6                 | 104          |                         |   |
|                                  | Findern           | DE65 6                 | 46           |                         |   |
|                                  | Hatton            | DE65 5                 | 112          |                         |   |
|                                  | Hilton            | DE65 5                 | 71           |                         |   |
|                                  | Lullington        | DE12 8                 | 4            |                         |   |
|                                  | Netherseal        | DE12 8                 | 59           |                         |   |
|                                  | Repton            | DE65 6                 | 61           |                         |   |
|                                  | Rosliston         | DE12 8                 | 10           |                         |   |
|                                  | Scropton          | DE65 5                 | 2            |                         |   |
|                                  | Thurvaston        | DE6 5                  | 2            |                         |   |
|                                  | Walton On Trent   | DE12 8                 | 52           |                         |   |
|                                  | Willington        | DE65 6                 | 40           |                         |   |
| Area 5: 2017-2018                | Castle Gresley    | DE11 9                 | 78           | 590                     | April 2017 - March 2018   |
|                                  | Church Gresley    | DE11 9                 | 197          |                         |   |
|                                  | Linton            | DE12 6                 | 113          |                         |   |
|                                  | Overseal          | DE12 6                 | 70           |                         |   |
|                                  | Woodville         | DE11 7                 | 126          |                         |   |
|                                  |                   | DE11 8                 | 6            |                         |   |
| Grand Total                      |                   |                        | 3018         |                         |   |