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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 19</b>
<b>DATE OF MEETING:</b>	<b>23<sup>RD</sup> OCTOBER 2008</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>HEAD OF HOUSING</b>	<b>OPEN PARAGRAPH NO:</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>LEE CARTER (EXT 5957)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>VALIDATION OF STOCK CONDITION INFORMATION RELATING TO HOUSING STOCK</b>	<b>REF: LJC/u:\committee reports\sep 08 stock condition update report.doc</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCS01, FM08</b>

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## **1. Recommendations**

- 1.1 To approve the full proportional validation of the Housing Services stock condition by employing an external specialist to undertake external and sample internal surveys of the stock to ensure compliance with the Decent Homes Standard by 2010 and to ensure data is robust enough to complement the HRA business plan.
- 1.2 To advertise for interested companies to provide the stock condition expertise required and then undertake a tender exercise amongst those interested companies to undertake the works. The appointment process to include the Chairman of Housing and Community Services.
- 1.3 To approve a budget of £85,000 to cover both the stock condition survey and the production of information to enable Energy Performance Certificates to be readily produced.
- 1.4 To note that as this matter has service delivery implications it was also considered by the Housing and Community Services meeting held on the 16<sup>th</sup> of October 2008.

## **2. Purpose of Report**

- 2.1 To inform members that the current stock condition detail requires full proportional validation, to ensure that the Council's records are as current and as 'live' as possible. It is probable that following the proposed validation surveys that existing improvement programmes may need slight adjustments to re-target the decent homes standard, and ensure compliance by 2010. Undertaking the survey now allows sufficient time to adjust programmes as necessary.

## **3. Detail**

- 3.1 Members will recall that annually since 2003 the Housing and Community Services has approved improvement programmes aimed at meeting the decent homes

standard. These programmes have been based upon the stock condition survey that was carried out in 2002 by external specialist consultants. The stock condition data is held on specialist IT software known as 'LifeSpan'. The annual improvement programmes have been input into Lifespan to keep the stock condition data as up to date as possible.

- 3.2 Updating Lifespan with improvements carried out, ensures that full recognition of the investment being made in the stock is reflected in monitoring our progress towards achievement of the Government's Decent Homes target by 2010.
- 3.3 However what does not get updated is the degree of deterioration in other components that are not reported to us for repair/replacement or that don't warrant immediate repair/replacement but will in the near future, thereby affecting our future investment priorities. It has become established good practice in the housing sector to update the stock condition survey every five years.
- 3.4 Maintaining the standard of stock condition is a key issue for any responsible landlord. In our case because of medium/long term funding issues in the Housing Revenue Account (HRA) it takes on a more important role and we need to ensure that the HRA Business Plan is viable in, at least, the medium term.
- 3.5 Therefore as part of the continued effective management of the service as a whole, and specifically management of the decent homes programme, a full external validation of stock condition information is recommended (and a 25% internal validation survey) to be carried out, to update and validate existing information.
- 3.6 As part of the current annual programme of improvement works an increasingly large budget is set aside to account for growing 'Unforeseen Decent Homes work' i.e. the further we move away from the 2002 stock condition data the more unforeseen work occurs. It can be seen in this way that the base date becomes less reliable and robust the older it is.
- 3.7 In addition, in-house validation/updating processes over the last couple of years, have in themselves, highlighted the need for more detailed validation processes including greater scrutiny of the stock condition database.
- 3.8 It is therefore recommended to use a specialist external surveying company to undertake the re-survey exercise to update/validate the information currently held from the previous 2002 survey. This survey would be based on 100% external surveys and 25% internal surveys (see finance section for costing). The survey will also ensure that **HRA** business plan projections are realistic, and manageable.
- 3.9 It would be necessary to procure the works to the open market and therefore expressions of interest would need to be sought from interested companies. A short list would then be drawn up of preferred bidders and the formal process of tendering could begin, which could take up to 3 to 4 months to complete, before surveying commenced.
- 3.10 The detail of the survey would be that all relevant data would be captured from the condition of each constructional component of a property to the condition of roof to that of damp proofing and conditions of doors and windows, kitchens and bathrooms. Also it would be an opportunity to capture such information as the Housing Health and Safety Rating (HHSRS) information. The information is critical to the health and well being of tenants living within our properties.

- 3.11 It is also proposed to capture RdSAP information that directly relates to the energy efficiency performance of each individual property. The RdSAP will also help in providing Energy Performance Certificates (EPCs) to new tenants. This will significantly reduce the amount of time in-house staff would have to spend to gather information relevant to the EPC process and/or negate the need to employ additional staff resource to produce the certificates.
- 3.12 The full proportional stock condition survey would provide a clear update 'snap shot' of any changes that may have occurred since 2002 relating to the condition of the sample stock. The level of information is critical to the Council so to ensure that all monies are committed to proving the most cost effective solution to the maintenance programmes.

#### **4. Financial Implications**

- 4.1 It is proposed to undertake a 100% external survey and a 25% internal survey (recommended good practice) of the stock, which would equate to approximately 3,081 surveys being conducted either part or full. Additional information relating to the energy performance of the properties is also recommended to be collected at this time. This will enable heating and insulation works to be better targeted and aid in the production of Energy Performance Certificates (a legal requirement from 1<sup>st</sup> October 2008 for all Right to Buy applications and all lettings). The current cost for undertaking the full extended surveys is likely to be approximately £75,000 to £85,000 excl vat.
- 4.2 A budget of £60,00 has been previously approved in the medium term financial plan for the stock condition survey. As indicated at 4.1 above it is proposed to utilise the opportunity of having technicians surveying our properties to also gather additional information relating to energy performance. It is this element that will increase the cost of surveying by £15,000 to £25,000.
- 4.3 Members will recall that at its September meeting the Committee accepted a report on the need to produce EPCs. The cost of producing EPCs on relet of the rented stock has to be met by the local authority. At around 300 lets a year the report estimated the annual cost to be a minimum of 600 man-hours or £16,500 a year. The inclusion of EPC measurements in the Stock Condition survey will increase the cost of the survey by upto £25,000 but this will be a one-off rather than an annual cost i.e. inclusion will save money overall.
- 4.4 The survey work would be funded from HRA reserves.

#### **5. Corporate Implications**

- 5.1 Completion of the proposed programmes will enable the Council to meet the Decent Homes Standard by 2010 and appropriately plan for the maintenance of Decent Homes beyond 2010. It will also allow better targeting of energy savings works and the production of EPC's.

#### **6. Community Implications**

- 6.1 The completion of this exercise and the achievement of targeting the Decent Homes Standard will ensure that all of the tenants live in Decent Homes by 2010 and that we have plans in place to maintain the standard. It will also allow better targeting of energy savings works and the production of EPC's.

## **7. Conclusions**

- 7.1 The full proportional validation process will ensure that the council continues to holds true and very robust information relating to the stock, allowing it to make informed decisions about programmes specifically relating to the decent homes standard.