

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	7th MARCH 2019	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
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SUBJECT:	HOUSING STOCK CONDITION SURVEY AND IMPROVEMENT PROGRAMME	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 To note the contents of the recent Stock Condition Survey undertaken for the Council by Savills
- 1.2 To note the content of a proposed first year Housing Improvement Programme
- 1.3 To note the award of a new repairs and maintenance contract and the arrangements for managing this contract
- 1.4 To note the progress of the Housing Quality Network Review.

2.0 Purpose of the Report

The report outlines the findings of the recent stock condition survey undertaken for the Council by Savills which has informed the preparation of a five-year housing improvement programme.

- 2.1 The report confirms the award of a new contractor to provide responsive repairs and planned maintenance for Council dwellings and other public buildings
- 2.2 The report provides an outline of the findings of Housing Quality Network's recent review of repairs and maintenance services.

3.0 Executive Summary

- 3.1 The Stock Condition Survey report by Savills, confirms that Council properties have been reasonably well maintained, although in the short to medium term works are required to achieve and sustain the Decent Home Standard. Significant works are also required to maintain and improve the exterior and structure of dwellings.
- 3.2 Proposed within the report is an outline of a five year programme to achieve this within existing financial parameters and budgets. It also allows for the delivery of other works additional to the Decent Home Standard requirements.
- 3.3 The Housing Quality Network review of all repair and maintenance services has identified a three year programme of service improvements. Whilst some of these improvements are already in progress the project as a whole may need to be considered through the Councils corporate change programme.

4.0 Detail

4.1 Stock Condition Survey

4.1.1 The Council procured a Council House Stock Condition Survey from Savills during 2018. The objectives of the survey were:

- To provide accurate and statistically reliable information concerning repairs and maintenance as well as improvement costs, forecasted over a 30 year term;
- To collect, validate and report upon stock attribute and condition information for the purpose of improving existing records and future maintenance planning;
- To establish a methodology upon which further surveys may be undertaken to supplement this survey exercise;
- To provide accessible, reliable and easily maintainable planning data for future repairs, maintenance and improvement programmes;
- To assess the properties in accordance with The Decent Homes standard
- To assess the energy efficiency of the stock

4.1.2 The survey was based on existing stock condition data and a physical survey of a representative 10% sample of properties. The sample was chosen to ensure a representative mix of properties based on the different property types and locations. Savills has confirmed that this sample is more than sufficient to enable the production of robust business plan information. Savills has, however, suggested that in order to map out a longer-term investment programme, the Council will need to increase its stock condition data for it to be a robust piece of work. It is intended to complete ongoing and additional stock condition surveys within the Repairs and Maintenance Team.

4.2 Decent Homes Standard

Savills assessed the properties against the Government's Decent Homes Standard, which requires homes to be wind and weather tight, warm and have modern facilities. In order for a social landlord to achieve this aim any individual dwelling must meet the following criteria:

- a) the requirements of the Housing Health and Safety Rating System (Savills did not find any properties failing decent homes under this item.)

- b) It is in a reasonable state of repair
- c) It has reasonably modern facilities and services
- d) It provides a reasonable degree of thermal comfort.

4.3 With regard to the overall condition of the stock and compliance with the Decent Homes Standard, Savills concluded that, “The stock has generally been well maintained on a day-to-day basis and limited outstanding repairs were identified during the course of inspections. The overall impression of the stock gained from the surveys is that it is currently in good condition. However, substantial investment is required, particularly to the external areas, in the medium-term to maintain the properties to the Decent Homes Standard. The stock generally complies, other than where tenants have refused work. The Council has carried out a significant internal programme of modernising kitchens, bathrooms, rewires and heating systems. However, the first cycle of replacement kitchens and boilers will mean further investment will be required in the medium-term”. The Stock Condition survey report does advise the Council that the government’s Housing Green Paper proposes fundamental reform to ensure social homes provide an essential, safe, well-managed service for all those who need it and that it is, therefore, very likely that there will be a new version of the Decent Homes Standard. It is anticipated that this is likely to include:

- A focus on improving the energy efficiency of properties
- Removing any ambiguity around the interpretation of the standard
- Consideration of the environment in which properties are located
- Consideration of Health and Safety issues
- Consideration of how the properties are managed

4.4 Energy Efficiency

The report explains the basis for calculating the energy efficiency of homes and the methodology employed for this report. “The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances that are needed to underpin energy and environmental policy initiatives. SAP calculates the typical annual energy costs for space and water heating, and, from 2005, lighting. The CO2 emissions are also calculated. The SAP runs from 1 to 100+, with dwellings that have SAP greater than 100 being net exporters of energy. SAP 2012 has been used as the basis for checking new dwellings for compliance with building regulations in the United Kingdom requiring the conservation of fuel and power since 6 April 2014 in England. The Reduced Data version of SAP, (RDSAP), is used for existing dwellings. We have undertaken an RDSAP survey of the Council’s housing stock and below is a summary, of the properties surveyed, on how the stock performs:”

The details are shown in the table below.

SAP Score	Band	Number of Properties
92+	A	0
81 to 91	B	0
69 to 80	C	110
55 to 68	D	177
39 to 54	E	9
21 to 38	F	1
1 to 20	G	0
	Total	297

4.5 Non Traditional Properties

The housing stock contains 228 properties, which are designated as being of “non-traditional” construction. In the absence of accurate records regarding the condition of these properties Savills has recommended that intrusive surveys are carried out by a structural engineer on a sample basis to determine what works are required to maintain them over the next 30 years. Financial provision for additional survey work and any subsequent improvements are set out in Appendix B. Details of the number and type of these properties are shown in the table below.

Construction Type	No. of Properties
Canadian	44
Dorran	9
Frame Form	34
Lilleshall	62
Reema	18
Swedish	3
Truss Steel	26
Wimpey No-Fines	32
Total	228

4.6 Key Issues

The survey has identified some key areas for further investment:

- 45% of properties will require re-roofing within years 6-10 of the investment programme
- 45% of properties will require re rendering during years 6-10 of the programme
- Major investment is required to external areas (fences, gates, footpaths).

4.7 Summary Costs

The report includes cost projections over the period of a 30-year business plan. The total estimated cost is £93.4 million over this period. The average cost per property is just over £31,000. Savills typical benchmark for similar organisations in the Midlands ranges from £25k to £35k, therefore, this is in line with what it “would typically expect to see” These costs will need to be adjusted within the Business Plan in respect of Right to Buys over the period and also for future inflation. The costs do include preliminaries but exclude management and administration charges, professional fees, VAT, revenue costs, contingencies and any decanting costs.

4.8 In order to meet and maintain the Decent Homes Standard the report identifies that expenditure of around £10.13 million is required over the first five years of the programme. This is illustrated in the table at Appendix A. The majority of this expenditure is required on roofing and external rendering works and is largely required towards the end of the five-year period.

4.9 This estimated work and the associated costs have been profiled in order to create a deliverable and consistent programme of works within existing financial parameters. The re-profiled programme of capital and revenue expenditure budgets for the first five-year period is attached at Appendix B. This allows The Council to achieve and maintain properties at the current Decent Homes Standard and also provides for capital and revenue expenditure on additional works that fall outside of the current Decent Home Standard. This could include environmental works such as fencing and gates to improve both the security and aesthetics of properties and estates. These budgets may also allow for any additional work required under a new Decent Homes Standard.

4.10 Repairs and Maintenance Contract

As reported to this Committee on 31 January 2019, the procurement of a new contract for repairs and maintenance services has now been completed through the Council's procurement partners Chesterfield NHS trust. (CHNHS)

4.11 This contract will replace the two previous contracts for: Responsive Repairs and Planned maintenance with a single “whole house” contract. It will also cover the maintenance and repair of public buildings and other assets. The contract has been offered to providers who are members of the Fusion 21 procurement framework. Two competitive bids were received which have been assessed through a structured scoring matrix and a clarification meeting with the contractors. The panel included staff from the Repairs and Maintenance Team and also a tenant representative. The outcome of this process is that the contract has been awarded and will commence on 1st April 2019. The contract has a value of £2.5 million per annum.

4.12 A monthly contract management meeting will be held to manage the contract. This group will report to a Strategic Contract Group made up of The Strategic Director (Service Delivery), Finance Manager, Housing Services Manager, Repairs and Maintenance Team Leader and a Tenant Representative and the contractor's representatives.

4.13 First-Year Programme

The first year of the programme of works will include:

- Decent Homes work identified by the stock condition survey
- A structural Survey of “Non Traditional Dwellings”
- Follow on work from earlier contracts

Details of the proposed programme of both revenue and capital works are provided in Appendix B.

4.14 Housing Quality Network Report.

The Housing Quality Network (HQN) has provided its final report of the review of repairs and maintenance services. The report is comprehensive and contains around eighty specific recommendations. The key recommendations within the report relate to;

- Procurement of contracted works
- Contract management
- Quality control
- Repair ordering
- Customer call data
- Repair priorities
- Mobile working
- Service standards
- Information Technology provision and investment

4.15 A number of the areas for improvement are already being addressed through the Stock Condition Survey and the re-procurement of repairs and maintenance services. These recommendations impact on the Housing Team and also Finance, Human Resources and Information Technology. Their full implementation will take three years and will require a multi-team project structure to deliver them. Consequently a comprehensive approach to the implementation will need to be taken through the Council Business Change framework. A further report will be presented to this Committee once the action plan and associated project documents have been prepared.

5.0 Financial Implications

5.1 The financial Implications are contained within Appendix B of the report. The proposed programme does not require any changes to the existing Medium Term Financial Plan

5.2 Financial Implications arising from the HQN review with regard to Information Technology Provision will be addressed in separate business cases through the corporate change process.

6.0 Corporate Implications

Employment Implications

- 6.1 The award of a new contract for repairs and maintenance may create a Transfer of Undertakings Protection (Employment) obligation for the new contractor regarding employees of the current contractors. Any further employment implications arising from the HQN report will be addressed in a separate report early in the next financial year.

Legal Implications

- 6.2 The award of a single repair and maintenance contract will require the creation of a new governance structure for the supervisor and monitoring of the contract.

Corporate Plan Implications

- 6.3 The Stock Condition Survey and the proposed improvement programme directly contributes to the following corporate objectives
- a. PE1. Improve the quality and make best use of existing Council housing stock to meet current and future needs.
 - b. O5. Improve the way in which Housing Services gathers reports and acts on customer satisfaction data.
- 6.4 The HQN report directly addresses this corporate objective
- a. O5. Deliver a first class Repairs Service (strategic review of repairs and improvements)

Risk Impact

- 6.5 The appointment of a repair and maintenance contractor who is certified as compliant with a range of health and safety and building and construction standards will assist in reducing the level of risk identified in the Service Delivery Risk Register “SD 3 Safety Standards”

7.0 Community Impact

Consultation

- 7.1 The procurement of the repair and maintenance contract has included a tenant’s representative. This will be carried forward into the management and governance arrangements for the contract. The delivery of the programme will require the involvement of tenants. The new contractor has confirmed that they have tenancy liaison processes in place to achieve this. The contractor is already accredited by the Tenant Participation and Advisory Service (TPAS) for its work with tenants groups. HQN have also consulted with tenants as part of their review of the repair and maintenance service.

Equality and Diversity Impact

- 7.2 As part of their tender submission the new contractor has also confirmed their approach to Equality and Diversity including accreditation with the Alzheimers Society and as a “Disability confident” employer.

Social Value Impact

- 7.3 The successful contractor has included within their bid their capacity and ability to deliver additional social value for both tenants and residents of South Derbyshire. This will be addressed through the contract monitoring and supervision structure.

Environmental Sustainability

- 7.4 The following question was included in the tender evaluation process. “Please indicate the measures you employ to minimise your organizations’ carbon footprint and environmental impact, and enhance environmental and social benefits and how these practices will be applied to the delivery of this service” The contractor has provided a satisfactory response to this question. Performance in this area will be monitored through the contract management and governance structure.

8.0 Conclusions

- 8.1 The Stock Condition Survey has provided sufficient information on which to base thirty year business plan and a short to medium term improvement programme.
- 8.2 The programme can deliver the necessary improvements to properties and also begin to address the condition of external areas and property elements.
- 8.3 The Housing Quality Network review provides confirmation that progress in improving services has been made although there are is a significant programme of further improvements that are required.

9.0 Background Papers

None:

