

9 December 2015

Environment and Housing Committee

Stock Condition Survey

Report of: *Helen Gregory, Interim Head of Housing Services*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 As part of the Housing transformation programme Officers have identified that Brentwood Borough Council currently holds limited stock condition data on its HRA assets.
- 1.2 It is proving problematic to appropriately identify properties that fail the Decent Homes standard and which require Capital investment, which means the Council is not delivering value for money. It is essential that the Council has robust property intelligence on all its properties to ensure that informed investment decisions are selecting properties for capital works or planned maintenance.
- 1.3 The best approach is considered to be the employment of an external provider to undertake a 100% stock condition survey and produce a report including a future programme of Capital works and stock options.
- 1.4 Production of robust condition survey data will enable us to quantify our current and future liability with confidence. Ensuring there are no significant unidentified maintenance liabilities leading to urgent reactive replacements at increased cost.
- 1.5 Increasing the bank of real data makes cost and condition data increasingly accurate. This will give greater confidence in the accuracy of our Decent Homes statistical return.
- 1.6 The cost of the survey, with all associated works, is estimated to be c.£200K.

2. Recommendation(s)

- 2.1 The Committee is asked to approve the appointment of an external specialist company to complete a full stock condition survey of the housing assets, this is in the region of £200K.**
- 2.2 The Committee is asked to approve Officers to arrange to tender the works using the Council procurement process and that delegated authority be awarded to the Head of Housing in Consultation with the Head of Paid Service and Section 151 Officer to award the contract – in line with the timetable set in 4.16.**

3. Introduction and Background

- 3.1 This report outlines the need for the complete condition survey of dwellings held within the Housing Revenue Account (HRA).
- 3.2 Historically, stock condition data has been collected on a piece meal basis. However, this has not been transferred into a database, is currently stored in paper format and does not influence work programmes . Most of these would now be considered out of date as components have either deteriorated and been replaced in their entirety or had significant repairs.
- 3.3 This approach has led to programmes being generated by individuals as opposed to a systematic approach. In turn, this has resulted in numerous items being replaced too frequently and more often than not prematurely. This has obvious consequences and has shown significant impact on spend levels over the term.
- 3.4 This situation also leads to a reactive approach whereby components have failed but this is not known until the failure occurs. i.e. boiler failure; where systems are obsolete and past due for replacement.
- 3.5 The stock survey will provide condition information which can be used to plan investment in the housing stock and thereby maintain properties in good condition. The stock condition information will be uploaded to and held on our Keystone Asset Management (KAM) database provided by Keystone Asset Management Solutions, one of the market leaders in this field.
- 3.6 Each surveyed property will be assessed against, amongst other things, the Governments national standard for Decent Homes. This standard is basic and does not cover the full range of maintenance activities required to properly maintain a property. It is framed in such a way that a number of grounds of failure may need to exist before the property itself fails.

3.7 In summary, there are four broad criteria which are: (see appendix A)

Criterion A - meets the current statutory minimum standard for housing

Criterion B - is in a reasonable state of repair

Criterion C- has modern facilities

Criterion D - provides a reasonable degree of thermal comfort

3.8 The greatest financial commitment the HRA has is protecting the physical asset base. This, in turn, secures the rental stream.

3.9 This information underpins the Business Plan and in particular investment decisions about the maintenance and improvement of residents homes.

4 Issue, Options and Analysis of Options

4.1 It is essential we make sufficient provision in our plans to enable the housing stock to be maintained to a good state of repair and to a reasonably modern standard. This extends to the wider environment, if we are to ensure our neighbourhoods remain places residents value and want to live.

4.2 It is believed that the stock is generally in good condition due to the long history of investment. However, this is anecdotal and no firm evidence of this exists.

4.3 The current stock condition data held is minimal, unreliable and not in a format that can be easily adapted into major work schemes or programmes. Although purchased some time ago KAM has yet to be populated with collected data.

4.4 The format of the task is expected to be similar to below:

- Initial desk top study
- Pilot surveys
- Field surveys
- Input to KAM
- Report production
- Programme production

4.5 The initial desk top survey generates a broad impression of the stock profile, dividing properties into groups by age band, type and construction characteristics, for example, one bed, two bed, pitched roof, cavity wall etc.. Properties with common type, age and construction characteristics will be formed into distinct groups, each exhibiting representative repair and renewal requirements.

- 4.6 For investment planning purposes the stock condition report will consider the potential for non-decency over the next period. This allows early assessment of the level of investment required for the next period to prevent properties now decent falling below the standard.
- 4.7 More detailed information being created will help develop investment programmes over a longer period.
- 4.8 Having extended detail allows the dovetailing of different work streams i.e. boiler and electrical installations completed in conjunction with kitchen replacements.
- 4.9 The data produced will also allow the identification of components that can be materially changed with a "spend to save" approach adopted ie replacement of roofline (fascia, soffit and rainwater goods) with more modern materials. This approach removes the need to cyclically decorate the existing components complete with the cost of the access equipment required. For example, if a roofline was replaced to a block of four storey flats in year 1 with a component of 20 years life there would be no reason to return to decorate in years 5, 10 or 15. This represents a significant saving to the council and any leaseholders residing.
- 4.10 Currently we are experiencing a significantly high number of urgent boiler replacements. Without detail of the existing boiler type or age it is difficult to reject the immediate need to replace these. We are advised that many of the boilers being replaced are life expired and inefficient by modern standards. Replacement parts are difficult to obtain which result on replacements completed on an emergency basis.
Given that this is an ad-hoc approach with only a few items replaced at any one time by our repairing contractor the costs are considered significantly higher than would be if this were programmed allowing economies of scale.
- 4.11 KAM also allows the electronic storage of property related documentation at block and dwelling level including Landlord Gas Safety Records (LGSRs), electrical certificates, water hygiene records, asbestos reports, Fire Safety certificates, FENSA certificates, Energy Performance Certificates (EPCs), component guarantees, photographs etc.
- 4.12 It is anticipated that sufficient surveys could be complete to provide an indication of Year 1 spend levels within 6 months of commencement.
- 4.13 The proposal is to halt all those non-urgent programmes for financial year (FY) 2016/17. Reserves should be held for unknown urgent component failures during this time.

- 4.14 A new programme of component renewals would be set to commence in FY 2017/18. Procurement of contracts to cover work outside those already let could commence in 2016/17 enabling early start on site in 2017/18.
- 4.15 The total cost of the surveys, uploading on to KAM, report and formulation of a term programme is expected to be in the region of £200K. This will also provide comment on areas outside the arena of Decent Homes including upgrades required to common parts.
- 4.16 The proposed timetable for procurement is outlined below:

Service Contract for Stock Condition surveys estimated value £210,000 over OJEU	
Prior Information Notice	Jan 2016
Prepare Invitation to Tender	Feb 2016
Issue ITT documentation	Mar 2016
ITT Clarification period	
Bidder to submit tender (6 weeks tender period)	Apr 2016
Tender evaluation period	May 2016
Notify bidders of tender outcome with 10 day standstill period	Jun 2016
Award contract to successful bidder/s mobilisations	Jul 2016
Anticipated start of works	Aug 2016
Anticipated completion	Jun 2017

5 Reasons for Recommendation

- 5.1 To enable BBC to maintain its responsibilities and fulfil its obligations as a landlord.
- 5.2 Until a full survey of all stock is available, asset management decisions are based on current officer knowledge or reaction to component failure.
- 5.3 Sufficient data does not exist to allow extrapolation. A process whereby surveyed property data is used to predict condition of unsurveyed properties.
- 5.4 It is important that investment decisions are informed by a sound understanding of the condition of our properties. Whilst staff have an awareness of condition, an externally validated assessment is seen as essential.

- 5.5 It is vital that the Council has up to date information about condition of the HRA stock in order to support its investment decisions each year. The risks in not having this information include the failure to provide adequate resources to tackle repairs and maintenance that subsequently leads to the need for replacement at a much higher cost.
- 5.6 For short to medium term financial planning purposes a full stock condition survey (100%) is considered necessary. This will provide a sound baseline position and a high level of confidence in the future allocation of investment across the stock.
- 5.7 The result of the survey will be used to inform the HRA Business Plan and to formulate a more accurate Capital Programme.
- 5.8 Reduced frequency of unscheduled maintenance visits enabling commitment to this area to be reduced.

6 Consultation

- 6.1 Tenants talkback were consulted on 20 November 2015.

7 References to Corporate Plan

- 7.1 Housing, Health and Wellbeing. The recommendation will allow more accurate future maintenance and enhancement of the housing related assets. This should improve the resident environment and lead to more pride in homes and the wider estates.

8 Implications

Financial Implications

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- 8.1 The completion of the task will lead to savings within the capital programme over the medium to long term as the right components are replaced to the right properties, at the right time.

Legal Implications

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- 8.2 Failure to adequately maintain the housing stock could lead to claims under housing related Acts ie S11 Landlord & Tenant Act (Disrepair).

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 Excess heat or cold are deemed hazards under the Housing and Health Safety Rating System (HHSRS). BBC as landlord has a duty to maintain adequate systems that are operational and function correctly.
- 8.4 Without accurate stock condition data it is not possible to adequately manage the maintenance of HRA assets. This could lead to failures under the HHSRS and other statutes.
- 8.5 If risks are unidentified they cannot be managed.
- 8.6 Until the survey is complete and future programmes of renewal are identified, sustainability of components and the asset cannot be assessed.
- 9 Background Papers** (include their location and identify whether any are exempt or protected by copyright)

None

10 Appendices to this report

Appendix A – A Decent Home - Definition and Guidance for Implementation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7812/138355.pdf

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