

REGENERATION, COMMUNITY AND CULTURE OVERVIEW AND SCRUTINY COMMITTEE

13 DECEMBER 2012

HOUSING PLANNED MAINTENANCE PROGRAMME - PROGRESS REPORT

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Summary

This report details the works and progress to date being carried out under the 2012/2013 Housing Planned Maintenance Programme to meet Medway Council's obligations in actively maintaining and improving its housing portfolio and maintaining the "Decent Homes" standard.

1. Budget and Policy Framework

- 1.1 The Housing Capital Programme is funded from the Housing Revenue Account.
- 1.2 The budget for the current year was approved by full Council on 23 February 2012.

2. Background

- 2.1 This is year four of the ongoing Medway Housing Planned Maintenance programme which was initially commissioned in order for the Council to meet its building compliance obligations and the Government's target for all homes to be to the Decent Homes standard by December 2010. Medway achieved 100% Decent Homes compliance by the target date and continues year on year to be 100% compliant with the standard.
- 2.2 The Decent Homes standard is relatively basic in its requirement for the following criteria to be met:
 - a) It must meet the current statutory minimum standard for housing.
 - b) It must be in a reasonable state of repair.
 - c) It must have reasonably modern facilities and services.
 - d) It must provide a reasonable degree of thermal comfort.

- 2.3 With the approval of the Housing Asset Management Strategy in 2010 and Medway's success in meeting the Decent Homes standard attention can now be more focused (subject to budget availability) on the wider planned maintenance issues beyond replacement kitchens, bathrooms and doors to include such works as structural repairs, roof replacements and environmental improvements.
- 2.4 The budget for 2012/13 is £5,056,623 compared to the 2011/12 budget of £5,875,855 of which 95% (£5,584,231) was completed, as some projects were carried into the next financial year. The 2012/13 budget was based on information from the asset management database 'Codeman' officer analysis of the priority works and is expected to be delivered to a minimum of 97% of the budget. Within the current available funding, the health and safety compliance and Decent Homes works were prioritised followed by the most essential planned maintenance works. It should be noted that this does not include anything for disabled adaptations, which is covered by a separate capital budget and is not part of the planned maintenance programme. This separate disabled adaptations budget remains adequate and there is currently no backlog within Housing Services for adaptations to the Council's own stock.
- 2.5 As a result of detailed surveys to surveys to fully develop specifications, competitive tendering of projects, and close management of the works, savings have been made which have allowed the Council to reallocate elements of the budget and bring forward other required works within the current 2012/13 programme.
- 2.6 As well as success in achieving savings on projects, another big success this year has been a significant reduction of 'no access' to properties. In the past officers and contractors have been refused access to properties to undertake either surveys or works to the dwelling. Success this year has been due to the contractor taking a far more robust approach in trying to contact tenants, together with a concerted input from Housing Officers.
- 2.7 One risk with the delivery of the capital programme is the 'Section 20' procedure required when works impact on leaseholders and they are obliged to contribute towards the cost of the works. Officers are required to follow legal procedures where the works and costs of these are to affect and be recharged to leaseholders. This process is lengthy but necessary to ensure the council receives all possible income. Systems have been improved and developed this year to ensure this risk is minimised and as a result only one project may part be carried over to the 2013/14 programme. As a result of these measures it is expected that at minimum 97% of the programme of works will be delivered for this current financial year.
- 2.8 Whilst these programmes of work have been well delivered over the last three years, there are still areas for improvement for future years such as publishing even wider the planned programme on the web (as requested by Members), review the 'pepper-potting' approach to kitchens and bathrooms in 2014 which causes a problem from customer enquiries and Members too.

2.9 Officers are now planning ahead for future years programmes so that works can be better programmed allowing more time for the S.20 process and also for more works to be carried out earlier in the year during the warmer months.

3. 2012/2013 Capital Programme summary to date

3.1 General needs housing:

- a) Continuation of the programme of asbestos surveys to update Medway's data to ensure responsive and capital works can be carried out safely. 525 surveys planned to be completed this financial year (FY), with 350 completed to date.
- b) Continuation of the rolling programme of electrical testing to dwellings, approximately 200 this FY, (110 complete to date) to ensure all dwellings have an up to date certificate. Tests have to be carried out as a minimum every 10 years so there will continue to be a rolling programme year-on-year. This ensures any repair work is identified and urgent works carried out without delay.
- c) Year two of the 5 year rolling programme of carbon monoxide detector installations, 600 planned for this year most of which will be installed when the boiler is serviced, 320 completed to date.
- d) Continuation of the rolling programme of mains operated smoke detector installations. Installing where there are currently no detectors and where there are battery-operated detectors, 226 planned for this FY, 50 completed to date. Year on year there will need to be a rolling programme of smoke detector installations or replacements as they have a expectancy of approximately 10 years.
- e) Kitchen replacements, approximately 180 originally planned for this FY but further budget allocated with 225 now planned of which 207 completed to date.
- f) Bathroom replacements, approximately 85 originally planned for this FY but further budget allocated with 110 now planned of which 98 completed to date.
- g) Front doors, rear doors and patio doors, approximately 205 replacements in total originally planned for this year but further budget allocated with 240 now planned of which 184 completed to date.
- h) Boiler replacements, approximately 142 planned for this year of which 120 completed to date.
- i) Structural works – Concrete repairs have been completed at St Albans and Vidal Manor and further repairs have been identified and programmed in for the rest of the year such as Skeene and Camperdown concrete repairs and Pier Road perimeter wall works.

- j) Flat roof replacements have been tendered to Vidal Manor, Temeraire Manor, Barfleur Manor and Victory Manor, subject to costs, weather and Section 20 issues all these roofs should be replaced by the end of the FY with only Vidal Manor possibly extending into the beginning of the 2013/14 programme.
- k) Pitched roof replacement – 30 houses have been identified as being in most urgent need of replacement. As well as replacement of the roof coverings, chimney re-pointing, fascias and soffits and gutter replacements will also be included if required so that Medway get the best value for money, subject to party wall issues and weather it is planned to complete all the work by the end of the FY. Tenders are back with the programme commencing in January 2013 with a planned completion of up to four roofs per week.
- l) Upgrading of door entry systems - Bowers, Chaffyns, Snow and Hawkhurst were identified as the first stage of a programme with the first three blocks now complete and Hawkhurst starting in January after the Section 20 process is complete. More properties will be added in for this FY with and in future years.
- m) Environmental Improvements – to date, works to resolve parking issues at Grange Road, Brabourne Avenue and Holly Close have been identified/completed in addition to numerous others that have been identified and planned to be complete this FY.

3.2 Sheltered Schemes

- a) The communal boilers have been replaced to Woodchurch and St Marks.
- b) All sites - DDA (Disabled Discrimination Act) works planned to make entrances more accessible and provide accessible toilets in order for the council to meet its obligations under the Act. Works have been approved to five of the schemes, St Marks and Woodchurch entrance doors are complete and other works will be completed by the end of February 2013.
- c) The windows have been replaced to Brennan House as they had been a Decent Homes failure.
- d) Repair and upgrade works to doors and walls identified following a fire risk assessment. Surveys have been undertaken and the work scoped and tendered.
- e) Fire risk works are scheduled to two of the schemes this FY to deal with the priority works.

3.3 Key Achievements

- a) Delivery of nearing a full programme being predicted for the second year running, which will be achieved by bringing forward works if some projects look like running into the next financial year.
- b) Continuation of cashable savings through maintaining the 10% discount on the schedule of rate codes and increased competitive tendering.

- c) The cost of various elements of the programme being within the national upper quartile in terms of value for money, for example, kitchens and bathrooms.
- d) Targeting full leaseholder S.20 contributions toward the cost of improvement works. The leaseholder contribution for the roof and associated works at Vidal, Temeraire, Barfleur and Victory blocks is circa £142,000 across 21 leaseholders and the leaseholder contribution for the door entry system works at Hawkhurst should be circa £5,000.
- e) Tenant refusals/non access for works significantly decreased.
- f) 100% validation surveys allowing for re-evaluation of 'remaining life' is providing better value for money by ensuring that works are only carried out where necessary and not based just upon their registered remaining life or leaving the judgment down to contractors.
- g) Tenant involvement has significantly improved with a notable increase in attendance at the various forums and as a result tenants have now had true input into the shaping and prioritisation of some schemes of work.
- h) Tenant satisfaction is in the national upper quartile and among the best in the UK. The current figure for tenant satisfaction based on 237 returned surveys is 99.75%.
- i) All completed works 100% quality checked by the South Thames Gateway Building Control team. External quantity surveyors carrying out 100% valuation checks against completed works.
- j) Improved performance achieved through 360 degree 'lessons learnt' evaluation being fed back into the programmes.
- k) 100% Decent Homes compliance being met and maintained.
- l) Programming ahead to deliver future programmes more timely and efficiently.

4. Options

4.1 Option 1 – Do no Capital works

- a) This would lead to a considerable increase in the volume and cost of responsive repairs required and impact severely on the revenue budget.
- b) Medway Council would not meet Decent Homes Standard across its Housing portfolio.
- c) The backlog of repairs and major works would eventually lead to Health and Safety issues of properties and eventually require an increased level of capital budget to deal with the deteriorating properties.
- d) Carrying out repairs only does not provide good value for money as properties or elements of those properties would become beyond "economic repair" meaning that it would be more cost effective to replace than repair.

4.2 Option 2 – Undertake works to the Decent Homes Standard Only

- a) Medway Council would meet Decent Homes Standard but this would still lead to a considerable increase in the volume and cost of responsive repairs, the backlog would increase Health & Safety issues and would therefore not provide good value for money, albeit to a lesser extent than by doing no capital works as per Option 1 above, and there would also still be an impact on the repairs budget.
- b) There would not be the opportunity to develop programmes of works in conjunction with both Members and tenants aspirations, such as environmental improvements.

4.3 Option 3 – Implement a full Capital programme subject to budget availability

- a) This would ensure the Medway Council Housing portfolio would meet Decent Homes Standard and provide best value for money in replacing items when beyond economic repair and planning works to avoid properties falling into disrepair
- b) Some schemes of work outside of the Decent Homes standard can be achieved that meet Member and Tenants aspirations and Officers can respond positively to feedback to improving the environment, this being a key message from customers of the 2011 Status Survey.

4.4 Members agreed the Asset Management Strategy which supports option 3 and have also approved the capital budget for this financial year.

5. Risk management

5.1 Detailed below are the main risks and mitigations for delivery of the Capital Programme.

| Risk | Description | Action to avoid or mitigate risk |
|-------------|---|--|
| Programme | Delays to the programme due to Section 20 or party wall requirements, in particular when Section 20 is challenged by leaseholders | <ul style="list-style-type: none">• Work with Legal to ensure notices issued in good time• If delays look likely, bring forward properties that don't have leaseholders and re-programme works that do to ensure delivery targets met. |
| Programme | Delays in programme or not being able to meet delivery targets due to tenants refusing access | <ul style="list-style-type: none">• Improved and more robust procedures and liaison with Housing Officers to significantly reduce the numbers of no access• Backfilling any shortfalls with other backlog properties or properties referred |

| | | |
|---------|--|--|
| Cost | Over or under spend of budget | <ul style="list-style-type: none"> • Ongoing monitoring of expenditure and programme by officers. • Monthly client reviews and quarterly reviews with Corporate Finance. • Tendering of works not covered by responsive “Schedule of Rates” codes |
| Cost | Unnecessary expenditure replacing elements that have a number of years of remaining life or could significantly extend the extend their life with minor repair | <ul style="list-style-type: none"> • Carry out validation and scoping surveys on all works where the Council do not have up to date information |
| Quality | Unacceptable quality of finished work due poor workmanship or inappropriate specification | <ul style="list-style-type: none"> • Works checked by Clerk of Works • Regular updates, monitoring and review through progress meetings • Carry out all appropriate surveys to ensure specification for works is appropriate |

6. Consultation

- 6.1 The Housing Regulator required officers to ensure tenants and leaseholders are offered opportunities and mechanisms to shape the way in which services are delivered and prioritise these. The current budget allows this to happen. Additionally there are a range of forums and mechanisms in place to achieve this.
- 6.2 The delivery team includes two tenant representatives who attend and contribute to the regular progress meetings with contractors and officers.
- 6.3 An annual consultation meeting is held with a wide range of invited tenants and leaseholders to present the proposed budgets and programmes and seek feedback.
- 6.4 Where environmental improvement projects are proposed to blocks of flats tenants are consulted via meetings with the Housing Officers to agree the appropriate works.
- 6.5 Feedback from tenants forums and through councillors is taken into account when prioritising works.
- 6.6 Feedback from the Asset Management Group (which includes councillors and tenants) is taken into account.

7 Financial and legal implications

- 7.1 All works are procured via the appropriate procurement procedures, competitive tendering or are covered by the agreed schedule of rates. In respect of the Decent Homes works (internal works - kitchens bathrooms and doors) Mears offered the original discounts with just an inflationary uplift for this year after no uplift being applied for the previous two years. The value achieved for kitchens and bathrooms being within the national upper quartile.
- 7.2 Under the old subsidy system the Housing Revenue Account (HRA) capital programme was funded by a major repairs allowance (MRA) which was supplied to Medway by the Department of Communities and Local Government and charged to the HRA instead of the true depreciation cost. The MRA was then used to fund the HRA capital programme. Under the new HRA self financing regulations the MRA will be replaced with the true depreciation cost with a five year transitional period
- 7.3 The 2012/13 HRA planned maintenance capital programme is funded as follows:

| | £m's |
|--|--------------|
| Major Repairs Allowance (supplied as part of the self financing settlement) | 2.965 |
| Additional contribution from Reserves | 1.800 |
| Budget roll forward from the 11-12 capital programme | 0.292 |
| Total | 5.057 |

- 7.4 It is important that all works procured complies with the Council's procurement procedures and procurement regulations. Proposed works for leaseholders must comply with the procedures under section 20 of The Landlord and Housing Act 1985 as amended by section 151 of the Commonhold and Leasehold Reform Act 2002.

8. Recommendations

- 8.1 That Members note the contents of this report and progress made to date

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Background papers

None.

APPENDIX 1

SCHEDULE OF CAPITAL PROJECTS

| HRA Capital Programme 2012/13 - Update to 31 August 2012 | | | | | | | | | | |
|--|--------------------|---|---|--|------------------------|-------------------------------|---------------------|-----------------------------|---|-------------------------------|
| Work Type | Current Budget (£) | Budgeted average cost per property or block (£) | Budgeted number of properties or blocks | Work to Communal areas, individual Properties or Other | No. of units completed | Percentage of units completed | Amount invoiced (£) | Committed Value of work (£) | Total value of work spent & committed (£) | 2012-13 Predicted Outturn (£) |
| Bathroom & WC | 176,000 | 2,173 | 81 | P | 77 | 95.1% | 101,177 | 0 | 101,177 | 278,077 |
| Kitchens | 607,160 | 3,373 | 180 | P | 165 | 91.7% | 409,475 | 0 | 409,475 | 695,019 |
| Front Door | 105,575 | 1,153 | 92 | P | 70 | 76.1% | 0 | 0 | 0 | 147,000 |
| Back Door | 56,170 | 588 | 96 | P | 48 | 50.0% | 0 | 0 | 0 | 70,000 |
| Patio Doors | 30,000 | 1,200 | 25 | P | 5 | 20.0% | 0 | 0 | 0 | 18,000 |
| Door Entry | 155,000 | 25,500 | 6 | C | 0 | 0.0% | 865 | 0 | 865 | 155,000 |
| Boilers | 129,800 | 2,081 | 62 | P | 85 | 137.1% | 93,345 | 0 | 93,345 | 302,800 |
| Communal Boilers | 215,000 | 107,500 | 2 | C | 2 | 100.0% | 0 | 0 | 0 | 165,000 |
| Mains operated smoke detectors | 43,203 | 180 | 240 | P | 0 | 0.0% | 0 | 0 | 0 | 45,333 |
| Carbon monoxide detectors | 19,254 | 32 | 600 | P | 102 | 17.0% | 955 | 0 | 955 | 19,254 |
| Electrical testing | 40,286 | 67 | 600 | P | 53 | 8.8% | 6,470 | 0 | 6,470 | 14,000 |
| Electrical repairs - general needs (GN) | 270,000 | 450 | 600 | P | 85 | 14.2% | 23,808 | 3,071 | 26,879 | 150,000 |
| Electrical repairs - communal and sheltered (C&S) | 306,360 | 1,266 | 242 | C | 0 | 0.0% | 0 | 0 | 0 | 123,000 |
| Electrical testing (C&S) | 51,750 | 214 | 242 | C | 5 | 2.1% | 219 | 281 | 500 | 21,000 |
| Asbestos survey & samples (GN) | 38,000 | 190 | 200 | P | 113 | 56.5% | 30,766 | 4,285 | 35,051 | 102,000 |
| Pitched roof works | 251,300 | 5,026 | 50 | P | 0 | 0.0% | 0 | 0 | 0 | 316,300 |
| Flat roof works | 530,000 | 132,500 | 4 | P | 0 | 0.0% | 98,401 | 4,260 | 102,661 | 698,401 |
| Fascia, soffits and gutters | 39,085 | 1,629 | 24 | P | 0 | 0.0% | 0 | 0 | 0 | 39,085 |
| Scoping surveys | 20,000 | 57 | 350 | P | 350 | 100.0% | 0 | 0 | 0 | 30,000 |
| Stock condition surveys | 58,000 | 97 | 600 | P | 0 | 0.0% | 100 | 0 | 100 | 58,000 |
| External Walls | 11,704 | 1,170 | 10 | P | 0 | 0.0% | 0 | 0 | 0 | 0 |
| Chimneys | 18,480 | 596 | 31 | P | 0 | 0.0% | 0 | 0 | 0 | 0 |
| Energy Grant attendances | 25,000 | | | P | | | 0 | 0 | 0 | 25,000 |
| Environmental Improvements | 150,000 | | | C | | | (482) | 1,413 | 930 | 150,000 |
| Heating Distribution Systems | 132,000 | | | P | | | 0 | 0 | 0 | 0 |
| FVP Windows | 4,620 | | | P | | | 0 | 0 | 0 | 20,000 |
| Brennan Windows | 97,000 | | | P | | | 0 | 0 | 0 | 65,000 |
| Fire risk assessment works | 25,000 | | | C | | | 31,866 | 29 | 31,895 | 105,000 |
| Capital void works | 80,000 | | | P | | | 25,065 | 4,826 | 29,891 | 110,944 |
| Asbestos removal works | 90,815 | | | P | | | 9,838 | 21,065 | 30,873 | 90,815 |
| DDA works | 175,000 | | | C | | | 395 | 0 | 395 | 175,000 |
| Legionella risk assessments | 120,000 | | | O | | | 0 | 0 | 0 | 10,000 |
| Lifts - major repairs | 10,000 | | | C | | | 0 | 0 | 0 | 10,000 |
| Structural repairs | 90,000 | | | C | | | 75,643 | 0 | 75,643 | 163,000 |
| Contingency | 264,966 | | | O | | | 0 | 0 | 0 | 0 |
| Prior year asbestos survey and samples (C&S) | 10,500 | | | O | | | (186) | 745 | 559 | 0 |
| Boiler replacement | 0 | | | C | | | 57,772 | 0 | 57,772 | 0 |
| External doors | 0 | | | P | | | 81,835 | 377 | 82,212 | 0 |
| External Envelopes | 0 | | | P | | | 4,884 | 0 | 4,884 | 0 |
| Energy improvements | 0 | | | O | | | 170 | 0 | 170 | 0 |
| Decent home works | 0 | | | P | | | (229) | 229 | 0 | 0 |
| Recoding of capital works completed under responsive repairs | 0 | | | | | | | | | 70,000 |
| Contingency Britton Street | 0 | | | C | | | 33,146 | 0 | 33,146 | 0 |
| Asset Management Manager | 45,000 | | | O | | | 18,357 | 10,373 | 28,730 | 45,000 |
| Management Fee | 564,595 | | | | | | 99,522 | 0 | 99,522 | 564,595 |
| Capital programme totals | 5,056,623 | | 4,337 | | | | 1,203,166 | 50,924 | 1,254,090 | 5,056,623 |