

REPORT TO People Scrutiny & Executive
Date of Meeting: 1 March 2018 & 13 March 2018
Report of: Bindu Arjoon, Director
Title: Council Housing Stock Condition Survey Report

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

- 1.1 This report provides information on the condition of the Council's Housing Revenue Account (HRA) properties. The report also sets out the plan for the continuation of stock surveys until 100% of properties have been surveyed.
- 1.2 The Council has historically carried out stock condition surveys to inform financial planning and the delivery of HRA planned improvements. In February 2017, the Council commissioned a stock condition validation exercise via external consultants Michael Dyson Associates (MDA).
- 1.3 MDA were commissioned to undertake 3,528 surveys – 2,991 dwellings (60%) and 537 blocks (100% of blocks - in line with industry best practice). The survey data has subsequently been combined with the existing data held to inform the overall stock investment programme.

2. Recommendations:

- 2.1 Members are invited to note the stock condition survey data and the plans for continual assessment of investment requirements.

3. Reasons for the recommendation:

- 3.1 So that members are aware of the assessment of the Council's Housing stock and recognise that the Survey findings will be used to inform future investment requirements for the next 30 years of the HRA Business Plan. An updated Asset Management Strategy and 30 year HRA Business Plan will be drafted for Scrutiny and Executive to consider once they have been produced. The expected timescale is 6 months.

4. What are the resource implications including non-financial resources.

- 4.1 The financial implications of the Medium Term 5-year stock investment programme were considered by the People Scrutiny Committee in January 2018 and will be put to Council on the 20th February 2018. The investment plan relating to the stock condition has been resourced and approved.
- 4.2 Further detailed analysis of the stock data will be completed during 2018 in order to ensure that the current financial projections for the 30-year Housing Revenue Account Business Plan are robust and deliverable.

4.3 Stock condition surveys delivered internally will commence in April 2018 and will form the basis of the continual updating of the Council's stock condition database towards 100% survey completions and will have a picture of our entire stock.

5. Section 151 Officer comments:

5.1 The stock condition surveys provides vital information to help tailor the HRA medium term financial plan. The information enables limited resources to be targeted to deliver the most effective programme of improvements possible. The latest medium term financial plan and capital programme will be presented to Council for approval on 20 February 2018.

6. What are the legal aspects?

None identified by the housing team.

7. Monitoring Officer's comments:

It is the Monitoring Officers view that working towards a 100% stock condition survey is a very positive step. Having good knowledge of the condition of our stock will lead to targeted spend such that it may reduce the number of civil claims received. Otherwise, this report raises no issues for the Monitoring Officer.

8. Report details:

8.1 Background – Housing Stock Profile

8.1.1 The Council has historically carried out stock condition surveys to inform financial planning and the delivery of HRA capital improvements. Approximately 30% of the Council's housing stock had been surveyed with the corresponding results being used to determine investment decisions and financial planning prior to 2017. Where full stock survey data is not held for properties, cloned data is used for cost projections.

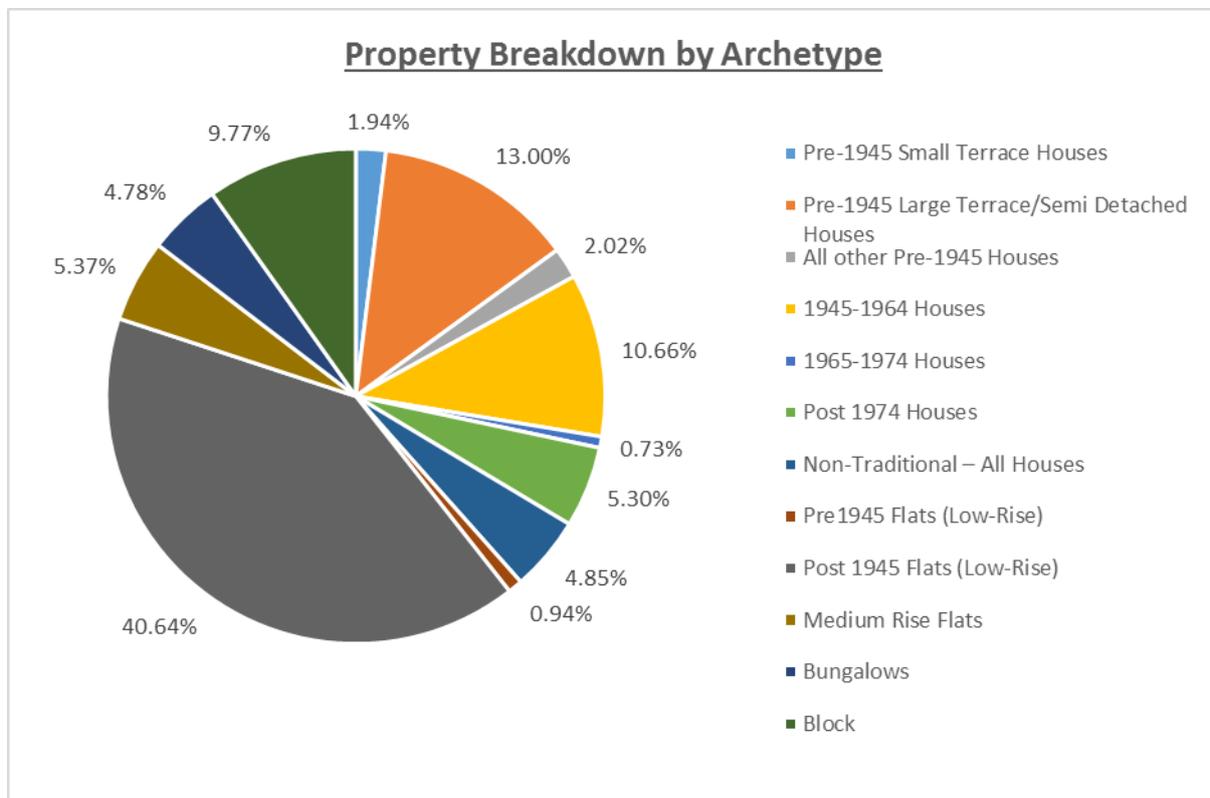
8.1.2 In February 2017, the Council commissioned a stock condition survey and validation exercise via external consultants Michael Dyson Associates (MDA). The intention of the commission was to substantially increase the number of properties surveyed, from 30% to 64%, and to project the financial investment requirements for the 30 year HRA Business Plan. As a direct consequence of the additional surveys, the amount of held cloned data would be correspondingly reduced providing a more robust data set.

8.1.3 The Council owned housing stock breakdown at the point of the MDA Survey (2017), is detailed below:

Archetype Name	Number of Properties	% of Total Stock
Pre-1945 Small Terrace Houses	107	1.94%
Pre-1945 Large Terrace/Semi Detached Houses	716	13.00%
All other Pre-1945 Houses	111	2.02%
1945-1964 Houses	587	10.66%
1965-1974 Houses	40	0.73%
Post 1974 Houses	292	5.30%
Non-Traditional – All Houses	267	4.85%

Pre1945 Flats (Low-Rise)	52	0.94%
Post 1945 Flats (Low-Rise)	2,238	40.64%
Medium Rise Flats	296	5.37%
Bungalows	263	4.78%
Block	537	9.77%
Total	5,506	100%

8.1.4 The most common Archetype within the stock is post 1945 flats with over 40% of properties within this category. The second most prevalent Archetype is Pre-1945 Large Terrace/Semi Detached Houses with 13% of properties within this category. The least prevalent Archetype is 1965-1974 Houses with just 0.73% of properties within this category.



8.1.5 In line with the commissioned project, MDA surveyed 3,528 properties (64%) of the 5,503 assets. The following table shows the breakdown of properties and blocks and includes the number of surveys completed for each Archetype.

Archetype Name	Number of Properties	% of Total Stock	Surveyed Assets	% Surveyed
Pre-1945 Small Terrace Houses	107	1.94%	52	48.60%
Pre-1945 Large Terrace/Semi Detached Houses	716	13.00%	451	62.99%
All other Pre-1945 Houses	111	2.02%	66	59.46%
1945-1964 Houses	587	10.66%	353	60.14
1965-1974 Houses	40	0.73%	19	47.50
Post 1974 Houses	292	5.30%	170	58.22%
Non-Traditional – All Houses	267	4.85%	147	55.06%
Pre1945 Flats (Low-Rise)	52	0.94%	27	51.92%
Post 1945 Flats (Low-Rise)	2,238	40.64%	1,353	60.46%
Medium Rise Flats	296	5.37%	188	63.51%
Bungalows	263	4.78%	166	63.12%
Block	537	9.77%	536	99.44%
Total	5,506	100%	3,528	64.05%

8.1.6 The survey scope included internal and external elements of the buildings, communal areas, garages, outbuildings, balconies, hardstanding's and balconies. Whilst some areas of the MDA survey lacked the detail required for effective forecasting, validation of the data alongside the 30% data already held by the Council has ensured that a robust approach has been taken to building component evaluation and subsequently ensured an accurate approach to our major programmed work going forward.

8.2 Survey Results

8.2.1 Analysis of the stock condition survey results confirms that the overall planned maintenance costs over the next 5 years of the business planning period are £37.3m. These programmed cost projections have been built into the HRA Business Plan for the period 2018/19 to 2021/22 and were approved at the meeting of People Scrutiny Committee on 4th January 2018. The full Medium Term Financial Plan for 2018 – 2022 is detailed at Appendix 1.

8.2.2 Validation of the MDA and Council data continues and will be completed for each stock component within the next twelve months. The validation will inform future budget planning and planned maintenance investment programmes to ensure that the 30 year HRA Business Plan accurately forecasts the investments requirements. The process of validation includes the assessment of all surveyed data, reviews of responsive maintenance reports, and replacement of the 40% cloned data with full survey reports. Stock condition surveys delivered internally will commence in April 2018 and will form the basis of the continual updating of the Council's stock condition database towards 100% survey completions.

8.2.3 The current financial projections for City Council Wards are detailed below.

Ward	Dwellings	Blocks	30 Year Planned Maintenance Costs	Average Planned Maintenance Costs
Alphington	202	15	£7,382,059	£36,545
Duryard & St James	59	6	£2,565,892	£43,490
Exwick	266	26	£9,337,982	£35,105
Heavitree	341	48	£12,356,183	£36,235
Mincinglake & Whipton	1118	130	£40,029,250	£35,804
Newton & St Leonards	195	30	£6,527,547	£33,475
Pennsylvania	294	62	£10,970,968	£37,316
Pinhoe	155	0	£5,910,737	£38,134
Priory	1117	80	£37,953,978	£33,978
St Davids	426	68	£14,764,368	£34,658
St Loyes	293	37	£10,373,445	£35,404
St Thomas	144	7	£4,898,953	£34,021
Topsham	359	28	£13,590,131	£37,856
Total	4969	537	£176,661,493	£35,552

8.2.4 Due to stock numbers, Mincinglake & Whipton has the highest overall planned maintenance costs with over £40m identified. However, the highest average planned maintenance costs are for properties in Duryard & St James with £43,490 per property being identified over the 30-year Business Plan life – 19% higher than the overall planned maintenance average costs. This higher average is due to the inclusion of the block costs and lift renewal costs averaged across a relatively small number of properties.

8.2.5 The MDA stock survey projected planned maintenance costs over the 30-year Business Planning period as £176,661,493 which equates to an average of £35,552 per property. This can be further defined as £1,185 per property per year. Industry comparators typically report average planned maintenance costs over a 30-year period to range between £25k-£30k per property. It is evident that the age profile and condition of the Council's housing stock have contributed to the higher than average planned maintenance costs. However, the current re-procurement of all planned maintenance contracts will secure improved value for money and will reduce the average costs – a new procurement and commissioning platform will be in place by the end of the second quarter 2018.

8.3 Decent Homes Standard

8.3.1 The Decent Homes Standard is a technical standard for public housing introduced by the Government in 2001 aimed at improving council and housing association homes to bring them all up to a minimum standard by 2010. It underpinned the original Decent Homes Programme which aimed to provide a minimum standard of housing conditions for all those who are housed in the public sector.

8.3.2 Local authorities were required to set out a timetable under which they would assess, modify and, where necessary, replace their housing stock according to the conditions laid out in the standard. The criteria for the standard are as follows:

- It must meet the current statutory minimum standard for housing – this previously related to the Fitness Standard but has subsequently been amended to reflect the Housing Health and Safety Rating System (HHSRS)
- It must be in a reasonable state of repair
- It must have reasonably modern facilities and services
- It must provide a reasonable degree of thermal comfort

8.3.3 It must be recognised that component lifespans have a significant impact upon the ever-changing level of ‘decent homes’ within any stock portfolio. At any given time, a snap shot of decency may include for items which have already been covered by programme component renewals therefore discounting the need for any additional level of expenditure in this regard.

8.3.4 There is currently no formal Government audit of achievement against the Decent Homes Standard but individual local authorities and Registered Providers maintain records. Currently, 2% of the Council’s housing properties fail to meet the Decent Homes Standard. Comparison of this performance across benchmarking groups would place this as Median Quartile performance. The Council is currently experiencing higher than average levels of tenant refusals for property upgrades which adversely affects our performance. We have now initiated more comprehensive tenant engagement processes to address this.

8.3.5 The non-decent properties have been prioritised for remedial work – both work currently underway and work in the 2018/19 planned programme. The Medium Term Investment Plan is resourced to address all Decent Homes Standard requirements and forms the core focus for planned maintenance programme planning.

8.4 Non-Traditional Properties

8.4.1 The housing stock includes 409 non-traditionally constructed properties including Cornish Units, Dorran and Wimpy No-Fines properties. 41 of the non-traditional properties have had external improvements completed and more detailed surveys will be completed during 2018 of the remaining properties to inform investment planning.

8.5 Energy Efficiency

8.5.1 In terms of the energy efficiency of the housing stock, previous investment programmes have positively contributed to delivery of current Government targets (achievement of higher Bands and higher Rating Points) –

As many fuel-poor homes as is ‘reasonably practicable’ will be retrofitted to a minimum energy performance certificate (EPC) rating of E by 2020, of D by 2025, and of C by 2030.

Energy Efficiency Current Property Ratings:

EPC SAP Band	SAP Rating Points	Property Numbers
Band A	92-100 (Most efficient)	14
Band B	81-91	154
Band C	69-80	3221
Band D	55-68	1244
Band E	39-54	156
Band F	21-38	89
Band G	1-20 (Least efficient)	32

8.5.2 As detailed in the table above, achievement of the 2020 target (SAP E) and the 2025 target (SAP D) will be delivered as part of the planned property upgrades. Achievement of the 2030 target (SAP C) will require more structured investment planning and this will be modelled during 2018. When compared to benchmark organisations, the current stock average SAP of 70.5 is above industry comparators of 66.9.

8.6 Housing Stock Viability Analysis

8.6.1 Alongside the stock condition survey analysis, during 2018 we will also carry out a full asset viability review of the Council's stock. The viability modelling is intended to inform the Council's investment strategy by being based on an active asset management approach where the Council seeks to make investment decisions that are informed by an understanding of the financial performance of the stock, and the extent to which it delivers the Council's social housing objectives. In this way decisions can strengthen the Business Plan and contribute to meeting the Council's policy objectives around the provision of social housing.

8.6.2 The viability analysis exercise is to produce income and expenditure projections for each property and block over a defined investment period, including demand data. From this it is possible to identify the stronger and weaker performing assets within the stock. When combined with data on the external housing market, and data on the socio economic context, the results of this work can inform decision making on where best to target other initiatives, such as small scale regeneration, disposals or re-development.

8.6.3 The Viability Model will classify properties as one of the following:

- Red – high risk and/or in low demand, requiring higher than average levels of re-investment in order to maintain in good lettable condition
- Amber – peripheral performers, requiring further investigation in order to be reclassified as either red or green
- Green – in high demand, requiring average or below average levels of re-investment.

8.6.4 Input from the Council's Housing Development Team will be a critical element of the viability modelling particularly where re-development, disposal or regeneration is a potential option.

8.7 Summary

8.7.1 The accelerated stock survey programme has successfully delivered increased (60%) stock data to inform planned maintenance programmes. The MDA data, combined with the historic Council data provides a robust platform for investment planning purposes. A critical element of the future effective delivery of the planned maintenance programme is the current re-procurement of contracts. Whilst the Council's average planned Maintenance costs are higher than average at present, an improved commissioning strategy will deliver greater efficiencies and improved value for money during 2018/19 and beyond.

8.7.2 Survey results offer assurance that the levels of investment required are deliverable in both the medium (5-year) and long (30-year) terms. More detailed analysis will be completed to further define the long term investment needs, primarily informed by the over-writing of the current 40% cloned data. Internally delivered stock condition

surveys, commencing in April 2018, will form the basis of the continual updating of the stock data which, in turn, will establish total assurance of financial projections.

- 8.7.3 Current Decent Homes Standard failures (2%) are consistent with comparator organisations (Medium Quartile) and have been targeted for urgent remedial work. The agreed 2018 – 2022 Medium Term Financial Plan provides the required resources to address stock investment needs.
- 8.7.4 The Council is well-placed to deliver the Government's energy efficiency targets for 2020 (SAP E) and 2025 (SAP D). Longer term investment planning will address the 2030 (SAP C) target.
- 8.7.5 Stock viability assessment of the Council's housing revenue account portfolio will complement the stock condition data analysis, inform the emerging Asset Management Strategy and ensure that active asset management principles are applied to investment decisions.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The content of this report is consistent with the corporate objective of delivering high quality, value for money services.
- 9.2 Much of the planned works will assist in increasing the thermal comfort of the properties thus reducing fuel bills and assisting in the Council's aspirations to reduce fuel poverty.

10. What risks are there and how can they be reduced?

- 10.1 The primary risk is that we fail to resource the investment needs for the housing stock and properties fail to meet the Decent Homes Standard. This risk is significantly mitigated against given the currently resourced and approved Medium Term Financial Plan which will deliver all investment needs.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

- 11.1 Planned programmes of works may occasionally require the decanting of vulnerable tenants in the short term. This process will be carefully managed to keep the disruption to a minimum. A focus on the quality of our properties and service delivery is likely to have a beneficial impact on Council tenants and leaseholders, a number of whom have protected characteristics or are vulnerable in the long term. All stock viability decisions will be mindful of equality, diversity, health and wellbeing impact.

12. Are there any other options?

- 12.1 Options in relation to alternative planned programmes of investment and/or stock viability will be reported separately as required.

Bindu Arjoon
Director

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

Contact for enquires:

Democratic Services (Committees)

Room 2.3

01392 265275

Appendix 1 HOUSING - CAPITAL PROGRAMME 2018/19 AND FUTURE YEARS

DESCRIPTION	2017/18	2018-19	2018-19	2019-20	2020-21	2021-22	Total
	£	£	Total £	£	£	£	£
INVESTMENT IN EXISTING STOCK							
1 Adaptations	-	500,000	500,000	517,500	535,610	554,360	2,107,470
2 Balcony Walkway Improvements	-	135,000	135,000	105,000	108,670	112,470	461,140
3 Bathroom Replacements (inc. Communal)	-	563,760	563,760	883,220	1,324,840	1,545,640	4,317,460
4 Boiler Replacement Programme & Central Heating	-	560,000	560,000	575,000	590,500	606,500	2,332,000
5 Common Area Footpath & Wall Improvements	-	350,000	350,000	50,000	51,750	53,560	505,310
6 Communal Area Improvements - New Flooring	-	48,980	48,980	103,190	79,930	14,360	246,460
7 Communal Door and Screen Replacements	-	342,370	342,370	246,320	254,940	-	843,630
8 Door Replacements (inc. Outbuildings)	-	122,000	122,000	143,940	231,000	235,530	732,470
9 Electrical Central Heating	-	19,510	19,510	19,900	21,890	22,650	83,950
10 Electrical Rewires - Communal	300,000	- 63,750	236,250	246,140	156,300	164,100	802,790
11 Electrical Rewires - Domestic	-	540,000	540,000	510,000	410,000	400,000	1,860,000
12 Energy Conservation	100,000	-	100,000	-	-	-	100,000
13 Estate Improvements	-	200,000	200,000	207,000	214,250	221,750	843,000
14 Fire Risk Assessment Works	-	63,000	63,000	65,200	67,480	69,840	265,520
15 Garage Upgrades	-	63,000	63,000	64,260	66,510	68,840	262,610
16 Kitchen Replacements (inc. Communal)	-	859,950	859,950	1,347,250	2,020,880	2,357,700	6,585,780
17 LAINGS Refurbishments	-	2,110,000	2,110,000	500,000	-	-	2,610,000
18 Loft and Cavity Insulation	-	50,000	50,000	51,750	53,560	55,440	210,750
19 Reroofing - Flats	-	655,300	655,300	127,550	52,680	36,000	871,530
20 Reroofing - Houses (outbuildings, chimney, gutters, downpipes, fascia)	100,000	231,340	331,340	153,040	133,420	278,140	895,940
21 Porch Canopies	-	102,000	102,000	90,480	55,810	19,390	267,680
22 Rennes House Structural Works	500,000	2,475,000	2,975,000	2,675,000	-	-	5,650,000
23 Soil Vent Pipe Replacement	-	52,030	52,030	63,950	27,000	27,950	170,930
24 Structural Repairs	119,430	150,000	269,430	155,250	160,680	166,300	751,660
25 Whipton Barton House Water Mains	50,000	-	50,000	-	-	-	50,000
26 Window Replacements	-	708,300	708,300	733,090	758,750	785,310	2,985,450
27 ZEBCat Project	-	480,000	480,000	-	-	-	480,000
Sub total - Investment in Existing Stock	1,169,430	11,317,790	12,487,220	9,634,030	7,376,450	7,795,830	37,293,530
PROVISION OF NEW COUNCIL HOMES							
28 Social Housing Acquisitions - Section 106	-	490,000	490,000	250,000	250,000	250,000	1,240,000
29 Social Housing Acquisitions - Open Market	-	1,000,000	1,000,000	-	-	-	1,000,000
30 St Loyes Extracare Scheme	-	4,200,000	4,200,000	5,360,000	156,360	-	9,716,360
Sub total - Investment in the Provision of New Hom	0	5,690,000	5,690,000	5,610,000	406,360	250,000	11,956,360
Total HRA Capital Programme	1,169,430	17,007,790	18,177,220	15,244,030	7,782,810	8,045,830	49,249,890