

CABINET – 5 APRIL 2006

HOUSING PLANNED MAINTENANCE AND IMPROVEMENT PROGRAMME 2006/2007

1 INTRODUCTION

- 1.1 Cabinet on 1st February 2006 approved the Housing Revenue Account estimates for 2006/2007. This included a total sum of £5,279,000 for the planned maintenance and improvement programme and £1,109,000 for cyclical maintenance.
- 1.2 This report seeks approval to these programmes of work under general headings of expenditure.
- 1.3 The Major Repairs Allowance (MRA), which was introduced on 1st April 2001, is an allowance representing the annual cost of maintaining the Council's housing stock to a standard equivalent to a modern newly designed property. This annual allowance is designed to fund all necessary major repairs and improvements over the life of the property. The MRA for NFDC for 2006/2007 has been set by the ODPM at £3,283,000. An additional contribution of £1,996,000 from the Housing Revenue Account has been made to the MRA to assist with the necessary funding of the programme identified by the recent stock condition survey to achieve the Decent Homes Standard (DHS) for all homes by 2010.
- 1.4 With the introduction of the MRA the Government established a new target to ensure the increased spending led to improved standards in housing. This target introduced the term "decent home" and determined that all social housing stock should meet this standard by 2010. Following the Options Appraisal completed at the beginning of 2005 NFDC have decided to retain the stock and produced a business plan that identified how this could be achieved and still meet the DHS with the available income generated by the rental income together with the MRA. The Business Plan was "signed off" by the Government Office of the South East in 2005. The Business Plan identified the need, in terms of work required to be carried out, to the Council owned stock and expenditure required. The programme for 2006/2007 has been devised in accordance with the Business Plan. Our performance against the Business Plan projections and performance against the DHS is being regularly monitored by GOSE.
- 1.5 All work identified in this report is based upon stock condition surveys followed by an inspection regime prior to work being specified to ensure only expenditure required is actually committed.

2 PROGRESS REPORTING OF THE PROGRAMME

- 2.1 The progress of each scheme during the financial year will be reported to Members in the Information Bulletin, together with tender results and budget information. Overall budgetary control is exercised by regular and detailed monthly information being provided to senior managers and the Housing accountant.
- 2.2 In common with previous years, where tender results lead to savings being achieved, further priority projects will be identified and carried out to ensure that the maximum expenditure within the overall budget is achieved.
- 2.3 The Assistant Director (Housing Services) has delegated power to agree the works to be carried out at individual specific addresses within the budget heads allocated by the Council.

3 APPROVED BUDGET PROVISIONS

- 3.1 The approved budgets are £5,279,000 for planned maintenance projects and £1,109,000 for cyclical maintenance. Both these budgets will substantially contribute to achieving the DHS by 2010.
- 3.2 Appendix 1 is a summary of the various headings of expenditure comprising the total budget provision.

4 PROPOSALS

- 4.1 Within the planned maintenance programme, Members will note that the work proposed is broadly in line with that of previous years. The prime purpose of this expenditure is to maintain the fabric of Council homes, to ensure services such as electrical and heating systems are in a safe condition and importantly to ensure that the target of all our homes meeting the DHS by 2010 is achieved.
- 4.2 The DHS requires properties to meet several criteria ranging from general fitness to having modern facilities. Guidance issued by the ODPM advises that for a home to be decent it must meet the following four criteria:-
- It meets the statutory minimum standard for housing.
 - It is in a reasonable state of repair.
 - It has reasonably modern facilities and services.
 - It provides a reasonable degree of thermal comfort.
- 4.3 A property will fail the requirement for reasonably modern facilities and services if it lacks three or more of the following aspects:-
- A reasonably modern kitchen (20 years old or less)

- A kitchen with adequate space and layout
 - A reasonably modern bathroom (30 years old or less)
 - An appropriately located bathroom and WC
 - Adequate insulation against external noise (where external noise is a problem)
 - Adequate size and layout of common areas for blocks of flats.
- 4.4 In the period up to 2010 if no work was carried out to the stock it is estimated that 73% of NFDC stock would fail the DHS primarily as a result of having old kitchens and bathrooms. However, the proposals built into the HRA Business Plan based upon advice from the consultants who assisted with the Options Appraisal process, is that works could be carried out that would ensure that the modernisation of both kitchens and bathrooms would be achieved by 2010 and thence achieve the DHS. However, this would require substantial investment and at the conclusion of the Options Appraisal process in early 2005 it was assessed that this could only be achieved by a thorough review of the HRA and by achieving savings in some areas of expenditure. Savings have already been made in reactive expenditure and the budget for 2006/2007 is £555,000 less than 2005/2006.
- 4.5 The total budget for repairs and maintenance approved for 2006/2007 is £6,388,000 and this is approximately £800k less than that recommended by the consultants who advised the Council throughout the Options Appraisal process. The full total advised by the consultants did allow for all works necessary to fully meet every aspect of the DHS.
- 4.6 Officers have reviewed this position and consider that by investing scarce resources in just kitchen improvements the aim of achieving DHS can still be achieved. Bathroom improvements will only be carried out where it is essential to replace what may be sub-standard fittings. This may result in some additional finance being available for environmental improvements. This need for environmental improvements is an issue that tenants were very concerned about when the budget was cut completely in 2005. Officers would wish to test this proposal during 2006/07 before committing to reinstating any environmental improvement budget in 2007. This will ensure that the DHS target can be achieved before a decision is taken to allocate resources to other areas of work.
- 4.7 As a result of the proposal above it is suggested that investment is primarily targeted at improving and modernising kitchens. These invariably will be those kitchens which are older than 20 years. The sample stock survey identified approximately 1,300 kitchens needing modernisation to meet the DHS. This is subject to detailed inspection but the likelihood is that at least 75% will require work, the remainder having already been modernised by the occupants or previous tenants. The total budget allocation proposed for 2006/2007 is £2.8m.

Subject to the programme going well and contractors performing to expectations it is possible that further expenditure can be achieved. If this occurs a separate report will be presented to Cabinet. Any additional expenditure required to increase the numbers being completed can be financed from HRA reserves which currently stand at just under £4m

- 4.8 During 2005/2006 two contracts for kitchen and bathroom modernisations were awarded after the appropriate tender invitation and evaluation process to East Dorset Housing Association (EDHA). These contracts were valued at £497,000 and £547,000. Performance on these contracts has been excellent with the contractor performing well and providing an excellent customer service and works of a high standard. This is being achieved by EDHA having a dedicated team of installers who are now well used to working with NFDC technical officers and the Council's performance standards and criteria. Officers are concerned that the loss of these teams when the contract is completed could have an adverse affect upon future programmes of work.
- 4.9 In view of the extensive works that are required to meet the DHS, Officers in Housing have had discussions with the Council's Internal Audit Section with a view to creating longer term partnering contracts to achieve the large scale kitchen improvement works that are required to meet the DHS. It is recognised that there is an advantage in having a longer term relationship with a good contractor to carry out these works rather than having to re-tender every couple of years for a new contract with the risk that good established contractors are lost and new inexperienced contractors might be successful. A period of training and assessment is then required together with the difficulties that this can lead to. However, it is also recognised that in order to create longer term partnering contracts a good deal of preparation is required to ensure that the right specification is produced and that the right amount of research and investigation is carried out to assess and agree on possible future partners. This would involve a tender process and a level of assessment over and above the normal contractual tender process. As a result it is anticipated that such contracts could not be in place until April 2007 at the earliest.
- 4.10 In the short term it is intended to extend the two current contracts currently held by EDHA. However, whilst current Standing Orders as to Contracts allow an extension to contracts it restricts that extension to a maximum of 50% of the original contract sum or £100,000 whichever is the lower. This would restrict the extension to both contracts to a maximum of £200,000 which is insufficient to provide the level of work that is required during 2006/2007.
- 4.11 Officers believe that the Council can obtain best value in the short term by extending both contracts for a further 12 months to a total of the existing contract value, a total of £1,044,000m. This is permissible under Standing Orders where exceptional performance and value for money has been demonstrated on an existing contract (as is the case with EDHA) but requires the approval of Cabinet. The remainder of the works required to ensure the full spend of this area of budget would be tendered as normal.

- 4.12 The miscellaneous category includes a sum of £150,000 for thermal insulation works that again will assist in ensuring that the Council address the needs of the DHS within the stock.

5 KEY CORPORATE OBJECTIVE

- 5.1 The Council's Corporate Plan "Heart of the Forest" identifies housing as a key priority and improving and maintaining the Council's stock will help meet this important aspect of the Council's role. In addition carrying out the works as indicated in Appendix 1 will ensure that the Council is on target to meet the DHS by 2010.

6 TENANT INVOLVEMENT

- 6.1 Members of the Tenants' Consultative Group and indeed many other tenants were involved in the Options Appraisal process and were consulted on the implications of the options that were evaluated at that time for the future of housing within NFDC.
- 6.2 As a result of the Options Appraisal tenants expressed a very strong wish for the Council to remain their landlords and this was subsequently the decision taken by Cabinet in February 2005. As part of the consultation process all tenants were advised of the implications of this decision and that expenditure required meeting the DHS would impact with reductions elsewhere within the HRA and in some cases would lead to a reduction in services. This has actually occurred with the reduction in reactive maintenance expenditure and a lowering of void property standards.
- 6.3 With planned maintenance and improvement works it is intended to continue with the current practice of involving tenants and residents in aspects of the work that affects their homes. Consultation will ensure that any inconvenience and disruption is kept to a minimum.
- 6.4 Where choice can be given without compromising the effectiveness or the necessity of the work, this will be given. Choice could mean the tenant electing not to have the work done, or in selecting finishes and colour schemes if and when improvements are carried out. Generally no choice will be given where works, such as re-roofing, involve essential maintenance work.

7 FINANCIAL IMPLICATIONS

- 7.1 Total planned expenditure for 2006/2007 is £6,388,000, comprising £5,279,000 for planned maintenance and improvements and £1,109,000 for cyclical maintenance. This is within the approved budgets.

8 ENVIRONMENTAL IMPLICATIONS

- 8.1 All products used in the repair, maintenance and improvement of Council homes are selected to ensure the minimum impact upon the environment and at the same time balance the need to improve the energy efficiency of tenants' homes in order to meet the requirement for thermal efficiency under the DHS.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 Many aspects of work identified in this report will improve the security of tenants' homes. In addition, there is a specific allocation of £20,000 for security works which will lead to improvements in identified areas.

10 TENANTS' COMMENTS

- 10.1 This report was discussed at the Tenants' Consultative Group on 7 March 2006 and their comments will be reported verbally.

11 HOUSING, HEALTH AND SOCIAL INCLUSION REVIEW PANEL COMMENTS

The Panel agreed with the recommendations of the report and the proposed emphasis on the improvement of kitchens rather than both kitchens and bathrooms but did express the following views:-

The Concerns of tenants were noted in respect of the use of savings on environmental improvements rather than the modernisation of bathrooms in that this could be said to be going against the wishes of tenants who voted to remain with the Council during the Options Appraisal process. The understanding of these tenants was that by agreeing this course of action they were have their kitchens and bathrooms modernised. However, Officers did confirm that although, in the short term, the modernisation of bathrooms would be delayed they would in due course receive the necessary improvements. Officers anticipated a full programme of improvements would be published later on this year.

12 PORTFOLIO HOLDER COMMENTS

- 12.1 The Portfolio Holder has expressed his pleasure that we are continuing with high levels of investment in the tenant's homes, particularly in the areas of improvements which tenants appreciate, and this will assist us in meeting the Government's Decent Homes Target.

13 RECOMMENDATIONS

- 13.1 That the proposals for planned maintenance, cyclical maintenance and improvement work listed in Appendix 1 be approved.
- 13.2 That the proposals for extending two kitchen modernisation contracts with East Dorset Housing Association detailed in paragraph 4.11 of this report be agreed.

For Further Information Contact:

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Background Papers:

Options Appraisal documentation
HRA Business Plan
Report to Cabinet on HRA Estimates
2006/2007 – 1st February 2006-

APPENDIX 1

2006/07 PLANNED MAINTENANCE BUDGET SUMMARY

1 PLANNED MAINTENANCE AND IMPROVEMENTS BUDGET

	£	£
Heating Replacements	800,000	
Electrical Rewiring	200,000+	
Roof renewal	120,000	
Replacement Doors	90,000	
Repointing	0	
Security Works	20,000	
Sheltered Housing Works (to include Barfields @ £400,000)	500,000	
Replacement Windows	40,000	
Kitchen Modernisations	2,800,000	
Refurbishments	225,000	
Provision of individual hardstandings	0	
Estate Improvements	0	
Miscellaneous	484,000	
TOTAL PLANNED MAINTENANCE & IMPROVEMENT BUDGET		5,279,000

2 CYCLICAL MAINTENANCE

Gas appliance servicing (including oil, lift and CO servicing)	640,000	
Fire alarm servicing	30,000	
Lift servicing	30,000	
Solid fuel appliance servicing	10,000	
Portable appliance testing	3,000	
Smoke detector servicing	20,000	
External redecoration	350,000	
Internal decorations to hostels and sheltered schemes	3,000	
Sheltered scheme minor works	3,000	
Elderly persons internal redecoration	20,000	
TOTAL CYCLICAL MAINTENANCE		1,109,000
TOTAL EXPENDITURE		6,388,000