	<b>Joint meeting of the Finance &amp; Audit and Overview &amp; Scrutiny Committees</b> <b>24<sup>th</sup> July 2018</b>	<b>Agenda Item No.</b> <b>4</b>
<b>Title</b>	<b>Stock Condition Survey</b>	
<b>For further information about this report please contact</b>	Lisa Barker, Head of Housing Services telephone: 01926 456043 e-mail: lisa.barker@warwickdc.gov.uk	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	
<b>Background Papers</b>	Housing Revenue Account (HRA) Base Budget Report 2018/19, 29 <sup>th</sup> November 2017	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality Impact Assessment Undertaken</b>	No
The initiative is designed to ensure that tenants live in good quality housing stock with a good standard of thermal capacity to help reduce energy poverty.	

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	05.07.18	Chris Elliott
Head of Service	04.07.18	Lisa Barker
CMT	10.07.18	Bill Hunt
Section 151 Officer	10.07.18	Mike Snow
Monitoring Officer	10.07.18	Andrew Jones
Finance	04.07.18	Andrew Rollins
Portfolio Holder(s)	09.07.18	Cllr Phillips – Housing & Property
<b>Consultation &amp; Community Engagement</b>		
The proposals have not been the subject of discussion. Instead, recommendations are based upon a physical survey of each of the Council's housing properties.		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 This report informs Members of the stock condition survey undertaken during 2016 and of other specific surveys undertaken more recently.
- 1.2 It provides details on each component of the survey including both the condition and the age of each element.
- 1.3 It outlines how components considered to be in a less than satisfactory condition will be renewed by March 2020.
- 1.4 It provides detail on the energy performance of the stock and the proposals for making improvements.

## 2. **Recommendations**

- 2.1 That Overview and Scrutiny and Finance and Audit Committees note the report and the plans for responding to the detail of the stock condition survey dealing first with those properties considered to be in a very poor or poor condition.
- 2.2 To note that an Executive report is being prepared to align funding to enable the renewals to be achieved within the preferred timeline.
- 2.3 That the Committees note that the Housing and Property Services Portfolio Holder committed, at Council in April 2018, to ensure all Council homes are to be improved such that they achieve an EPC rating of D wherever possible.
- 2.4 To note that a further report will be taken in a year's time to the Executive which considers in more detail the desired approach to properties that are in satisfactory condition but are over their cyclical date.

## 3. **Reasons for the Recommendations**

- 3.1 The stock condition survey undertaken across all the Council's housing stock in 2016 and other specific surveys since then, such as for lifts, have identified the condition of a range of attributes which have enabled a targeted, intelligence led approach to improvement works
- 3.2 Whilst the majority of the features of the stock are of a good standard, some of the attributes on properties are not of a satisfactory standard and are in need of renewal.
- 3.2 Financial conventions require a sum to be set aside each year for cyclical maintenance and improvement works and each year a budget is set for these works to be undertaken. The stock condition survey enables more accurate budget setting to maintain the stock to a decent standard.
- 3.3 The process has enabled consideration of the thermal capacity of the stock and for the energy performance of properties to be reviewed.
- 3.4 It has been agreed for the outcome of the stock condition survey to be put before both Overview and Scrutiny and Finance and Audit Committees for comment.

#### 4. Policy Framework

##### Fit for the Future (FFF)

- 4.1 The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council’s Key projects.
- 4.2 The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Supporting the delivery of improvements to Council homes will ensure that homes are of good standard and contribute to its tenants enjoying good health.		
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		

The project could give rise to significant opportunities for Council staff to enhance skills around communication, planning and negotiation	Services will be improved by ensuring that the housing product offered is of a good standard.	The proposals will enable income to be maximized as our properties will be more desirable.
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### Supporting Strategies

- 4.3 Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here.
- The HRA Business Plan contributes to the Fit for the Future transformation programme and assists the Council to deliver its Vision
  - The Council, as a stock-holding authority, has specific responsibilities towards its own tenants and leaseholders and in respect of the maintenance and the safety compliance of the housing assets it owns.
  - The Housing Revenue Account (HRA) budget and the HRA Business Plan are the financial expressions of the Council's housing policies.

### Changes to Existing Policies

- 4.7 There is nothing in this report which seeks to change existing Council policies. It does however set out how existing actions can be enhanced using the intelligence from the Stock Condition Survey to better target work.

### Impact Assessments

- 4.8 An impact assessment has not been completed because the proposals provide for a good standard of product to residents and also to offer to households registered with Homechoice.

## 5. Budgetary Framework

- 5.1 Funding for improvements to the housing stock is contained within the Major Repairs Reserve (MRR). Each year, the council sets aside a proportion of the rental income that it receives as a contribution to these cyclical improvements or repairs. The contribution is made in accordance with government directives. The MRR is topped up annually by a sum that is equivalent to assumed level of depreciation across the HRA stock and is ring-fenced to maintain the stock to offset this depreciation. Balances have been growing as the condition of HRA stock, as re-affirmed by the outcomes of the latest Stock Condition Survey, is generally good and the level of expenditure on Major Repairs through the Housing Investment Programme, is currently lower than the annual level of depreciation
- 5.2 The budget that was set for the Housing Revenue Account 2018/19 and 2019/20 in November 2017 for improvement works is not sufficient to enable all features that are either in very poor or poor condition to be replaced by 2020 and therefore an Executive report has been prepared to seek approval to modify the budget accordingly. There is sufficient resource within the MRR to allow for this budget amendment.

The table below sets out the funding requirement to replace the attributes assessed as being very poor or poor.

<b>Priority</b>	<b>Funding requirement Very Poor Condition</b>	<b>Funding requirement Poor Condition</b>
Roof coverings	£45,121	£670,954
Facia Soffit Gutters	£49,386	£339,974
Block Communal Area Decorating	£2,621	£9,610
Windows	£12,250	£196,500
Exterior Doors	£78,500	£571,500
Doors in L/M Rise Flats	£7,800	£142,500
Bathrooms	£73,820	£694,374
Kitchens	£249,811	£1,220,506
Loft Insulation	£3,646	£142,921
Smoke Detection	£25,920	£46,560
Programme Preliminary Costs	£228,902 / year	
Roofing Prelim/Scaffold	£29,879 to £104,879	£274,046 to £1,219,046
<b>Total</b>	<b>£807,656 - £882,656</b>	<b>£4,538,347 - £5,483,347</b>

## 5.2 Works to High Rise tower blocks

The additional costs for carrying out required works at the council's high rise blocks are shown below.

	<b>CONCRETE REPAIRS</b>	<b>ROOF REPAIRS</b>	<b>Block Total</b>
Ashton Court	£4,043	Nil	£4,043
Southorn Court	£4,043	Nil	£4,043
Eden Court	£33,149	£106,376	£139,525
Radcliffe Gardens	£1,155	Nil	£1,155
Westbrook House	£15,084	Nil	£15,084
Stamford Gardens	£20,039	£113,768	£133,807
Christine Ledger Square	Nil	Nil	Nil
<b>Works Total</b>	<b>£77,512</b>	<b>£220,143</b>	<b>£297,657</b>

## 5.3 Passenger Lifts

The contract value for the housing stock is £24,575 per annum.

The following are additional costs identified in the Stock Condition Survey carried out by Elevate Lift Consulting to improve Health and Safety, compliance or full refurbishment works.

Count of Lifts	H&S Works	SAFed Tests	2018	2019
25	£95,000	£21,000	£2,500	£23,000

#### 5.4 Energy Performance Certificates (EPC)

The cost of obtaining a new EPC for each of the 3,724 properties is calculated as a maximum of £253,200 however it will be possible to reduce this through economies of scale and accessing the national register.

Costs of bringing all 93 properties currently with an EPC standard of E or less is £225,000 and to bring as many properties as possible to a D standard is estimated at £701,650

### 6. Risks

6.1 The risks associated with this report relate to not undertaking the work to remedy attributes that are classed as poor or very poor as this will affect the value of the asset, its thermal capacity and the experience of our tenants who live in the property.

6.2 The timeline to complete these works is challenging and there is a risk that the commissioned companies will not have the capacity to deliver the work. Discussions have been held with our commissioned providers to facilitate the improvements taking place within the desired timeframe.

6.3 There are risks associated with undertaking the work itself however, the companies involved all have robust risk management systems in place.

### 7. Alternative Option(s) considered

7.1 The Council could decide not to undertake the works however; this would impact on the value of the property and could in some instances, for example roofs, lead to more costly works being required over time.

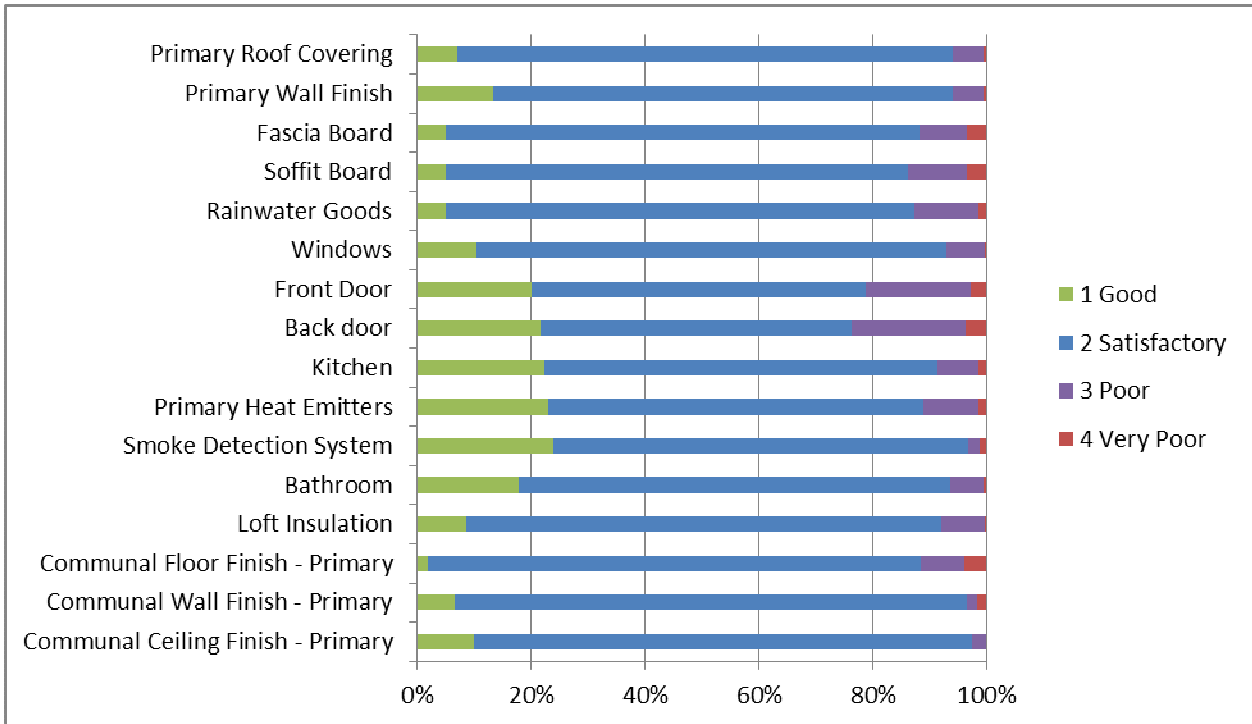
7.2 The Council could decide only to renew attributes that are considered to be in a very poor condition however, this would not achieve the standard of property condition that is desired.

7.3 There are reputational risks for the council in not proceeding with the works to address features that are in a poor or very poor condition. Tenants could lose faith in the Council as a decent landlord and could raise concerns through the press or with the Housing Regulator.

### 8. Background

8.1 The Stock Condition Survey considered 16 features of each building, assessing their condition and the age against life expectancy for each attribute and these are shown at tables 1 and 2 below.

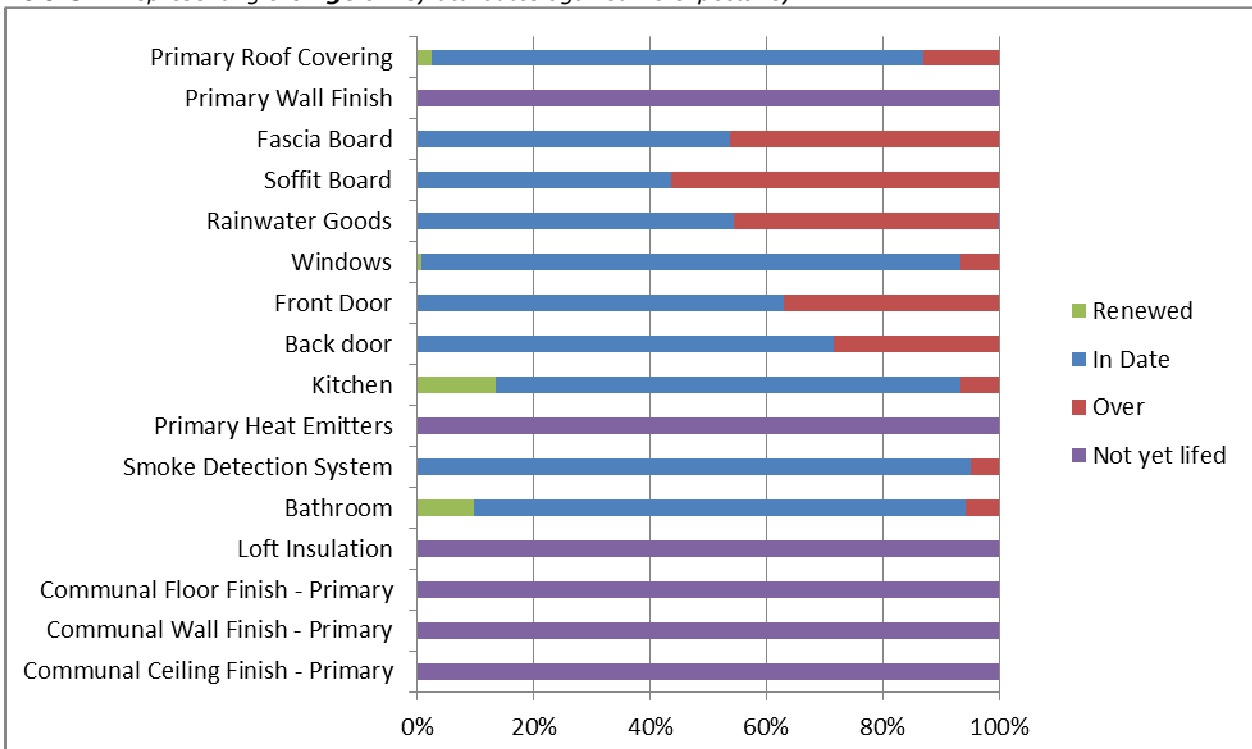
Table 1 Representing the overall **Condition** of key attributes:



8.2 It can be seen that the vast majority of attributes are of a satisfactory or good standard. This is a positive outcome meaning that the majority of our residents live in a property that is maintained to a good standard. Across all attributes, front and back doors have the highest numbers that are of poor or very poor condition.

8.3 The desired approach for the attributes is to renew those attributes that are in poor or very poor condition with a review of progress in a year to refresh the approach.

Table 2 Representing the **Age** of key attributes against life expectancy:



8.4 It can be seen that a greater number of attributes feature when we consider the age of the attribute against the manufacturers stated life expectancy. Even though the attribute is older than the life expectancy date, the attributes are mainly in a good or satisfactory condition and on a worst first basis can be assessed as being of lesser concern than those features that are both in poor or very poor condition and over life expectancy date.

#### High Rise Living

8.5 A separate survey has focused on our high rise schemes and has identified works that are required to the concrete of the building and to two of the roofs. This work is in addition to the fire safety works that are currently ongoing. The costs are identified at section 5.

#### Passenger lifts

8.6 WDC has a comprehensive Service & Maintenance programme in place with Stannah Lifts Ltd for all its lift stock.

We have recently undertaken a survey of our passenger lifts and have identified work to the lifts at the following blocks:

Year	Block	Recommendations	Cost
2018	Radcliffe Gardens	Suspension Ropes	£2,500
2019	Westbrook House	Door Operator replacement	£6,000
	Eden Court (Odds)	Door Operator replacement	£6,000
	Eden Court (Evens)	Door Operator replacement	£6,000
	James Court	Push Button replacement	£2,000
	Tannery Court	Hydraulic hose replacement	£3,000

#### Energy Performance

8.7 The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 came into effect from the 1st April 2018. This established a minimum level of energy efficiency for privately rented property in England and Wales. Landlords of privately rented domestic and non-domestic property in England and Wales must ensure that their properties reach at least an Energy Performance Certificate (EPC) rating of E before granting a new tenancy to a new or an existing tenant. From April 2020 all existing tenancies for domestic properties will also have to have meet a rating of E or better. It will be unlawful to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption.

8.8 There is no similar requirement for council housing. The Portfolio holder for Housing and Property Services has committed to ensuring that all Council homes exceed the same exacting standard wherever possible achieving a rating of D. Key to this is having up-to-date Energy Performance Certificates (EPC) for all properties. We currently have valid EPC ratings for approximately 30% (1,700) of our properties and we add a further 400 a year from new voids.

8.9 At full Council in April 2018, the Portfolio Holder announced intentions to accelerate the number of properties with an EPC rating so that all properties have a rating in the near future. The average cost of an EPC is around £68 so the maximum cost if surveys were required for all 3,724 properties would be in the region of £253,200. However, it may be possible to obtain previous EPCs for some further properties from a national register held by MHCLG, and it would

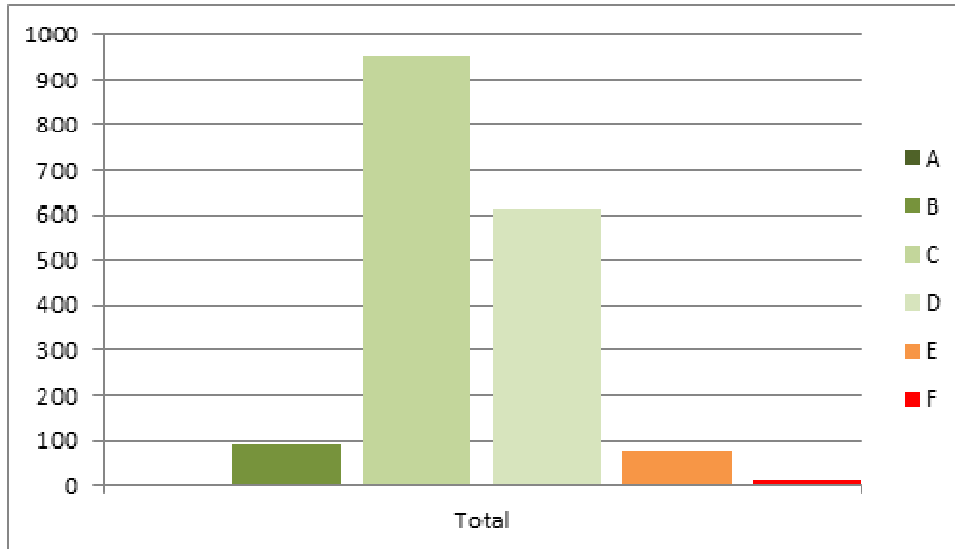


be expected that the cost would reduce as we realise significant economies of scale.

8.10 It was also announced that any property for which we already have an EPC rated below D, is upgraded as a matter of urgency ahead of next winter.

There are 93 properties of the 1700 surveyed that are rated E or less.

**Graph 5: Number of EPC's held in each rating band**



The calculated cost to bring all 93 properties to standard or higher would be £225,000, an average of £2,420 per property.