

19 December 2017		ITEM: 6
Housing Overview and Scrutiny Committee		
Stock Condition Survey		
Wards and communities affected: All	Key Decision: Non-Key	
Report of: Susan Cardozo, Housing Asset Investment and Delivery Manager		
Accountable Assistant Director: John Knight, Assistant Director of Housing		
Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health		
This report is Public		

Executive Summary

This report summarises the results of the recent Stock Condition Survey Commissioned by Housing to inform financial planning and the delivery of capital improvements to the Council's housing stock.

In January 2017, following a procurement exercise, Baily Garner, a construction consultancy company, were appointed to undertake a condition survey of Council-owned housing stock. The purpose of the Survey was to inform future investment requirements for the next 30 years of the HRA Business Plan.

The properties surveyed were a representative sample ensuring a balanced mix of the asset types, including flats, houses, maisonettes, etc., taking into account the standardised construction of many building types with the aim of achieving a 30% representative sample of the residential assets and a sufficient sample of the more standardised non-residential assets i.e. garages and communal areas. In total 3223 surveys were undertaken.

The surveys covered both internal and external elements of the buildings, communal areas, parking areas, garages, outbuildings and recreational areas where they were on housing owned land. The Survey also provided an overall energy assessment of the properties.

The survey results have shown the stock to be in a generally fair to good condition at this point.

The survey data collected provides the building blocks for future planning and enables the service to identify priorities and plan programmes that direct investment appropriately over the next 5 to 30 years.

The Survey has demonstrated an overall investment requirement for £101,819,487 over the next 5 years to ensure all properties are maintained to a good standard and continue to provide reasonably modern facilities and services. This increases to £452,447,897 over the 30 year timespan. Annual requirements as estimated by the Survey fluctuate considerably due to the need to replace or refurbish certain elements based on their lifecycle and current age.

The full cost profile by asset type is set out in Appendix 1.

The Survey identifies an optimum level of financial investment in the stock which greatly exceeds the amount of capital expenditure factored into the HRA Business Plan. As a landlord the Council is not in a position to reach the standards which would be achievable if there were more resources available. Using the survey data in this context will allow expenditure to be more accurately targeted to where it will deliver the most value in terms of future cost avoidance and increasing the resilience of the stock.

Investment requirements as detailed in this report will now be used to inform the future Housing Revenue Account Business plan. Peaks in requirement will need to be aligned with resource availability. Subsequent programming will take into account the highest priorities and spread the investment period where the property is able to sustain a longer lifespan.

Examination of the data also enables the service to focus on some current high priority aspirations for stock such as energy efficiency, damp and mould and external refurbishments.

The Survey reports the average energy efficiency rating of the stock to be at a D rating of 61.9. From April 2018, private sector landlords will be required by law to maintain their properties to an energy efficiency rating of at least Band "E", and the fuel poverty strategy for England sets an ambition that as many homes as reasonably practicable achieve a Band C energy efficiency standard by 2030. In line with this our aim is ensure that in the medium term all Council homes meet at least a D rating.

The recommended works to bring the lower rated properties up to this target include:

- Improved loft insulation
- Window renewals where single glazed
- Boiler replacements and improved heating controls

It is recommended that the programme addresses the replacement of single glazed windows as a priority in order to significantly improve the energy efficiency of the 1052 of properties affected.

Damp and mould was reported in only 4% of properties surveyed and in the majority of these cases it was attributed to condensation. The recommendation is to install

ventilation fans and provide advice to tenants around the day to day management of their properties.

1. Recommendation(s)

- 1.1 For the Housing Overview and Scrutiny Committee to comment on the estimated investment requirements to maintain the council's housing owned stock for the next 30 years**
- 1.2 For the Housing Overview and Scrutiny Committee to comment on the approach being taken to investment programming for the next five years and the prioritisation of certain elements including single glazed windows.**

2. Introduction and methodology

- 2.1 The Council owned housing stock consists of almost 10,000 residential properties and almost 3,000 garages. The residential stock ranges in age from those constructed as early as 1900 to a small number (111) of recent new builds, which were not included in the survey. The majority of properties were constructed in the period from 1951 to 1980. The stock overall contains almost as many flats as street properties and includes 15 tower blocks.
- 2.2 In January 2017 Baily Garner, a construction consultancy company, were appointed following a procurement exercise to undertake a condition survey of Council owned housing stock. The surveys were undertaken between April and September 2017.
- 2.3 The purpose of the Stock Condition Survey was to estimate current and future investment requirements for the Council-owned housing stock, including garages. The overall aim was to validate and/or update all existing stock data and collect additional condition and lifespan data to ensure that future capital investment is targeted appropriately.
- 2.4 All surveys were undertaken by appointment and Baily Garner reported that during their visits to over 3,000 units they had no cause for concerns over the behaviour of any residents with surveyors reporting a generally friendly and welcoming attitude. The service communicated with all residents well in advance of the fieldwork beginning to explain the purpose of the survey and the fact that individual surveys would not lead to specific repairs being undertaken.
- 2.5 The properties surveyed were a representative sample ensuring a balanced mix of property size and build types and have thus provided a statistically representative sample of the stock overall. This has enabled extrapolations from the survey data that provide an understanding of the investment requirements across the entire stock. All the financial figures used in this report are the extrapolated totals for the stock as a whole rather than sums related only to the properties surveyed. The housing database will also be

amended accordingly with assumptions based on the survey being entered for non-surveyed properties except where reliable 'live' data is already in place.

2.6 Table 1 – Surveys undertaken

Property Type	Stock*	Surveyed	% Surveyed
Sheltered	1223	268	22%
Flats	3379	697	21%
Street Properties	5208	1741	33%
Total	9810	2706	28%
Garages	2948	230	8%
Communal Areas	801	287	36%
Grand total	13,559	3,233	24%

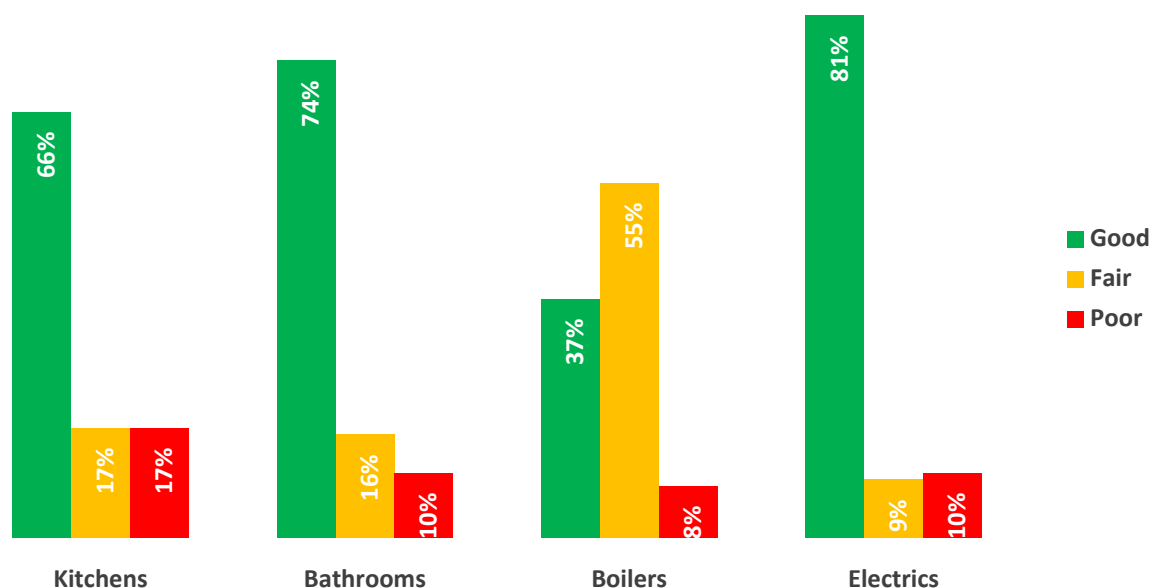
NB: These figures do not include new build Council properties (111)

- 2.7 The survey scope included internal and external elements of the buildings, communal areas, pathways, parking areas, garages, outbuildings and recreational areas on housing-owned land.

3. Survey Results

- 3.1 Overall the surveys demonstrated that the stock is in a generally fair to good condition, this being the case with 70% of the properties. Specific themes have emerged in relation to certain elements that require prioritisation, including external elements and boiler renewals.

3.2 Table 2 - Internal Elements

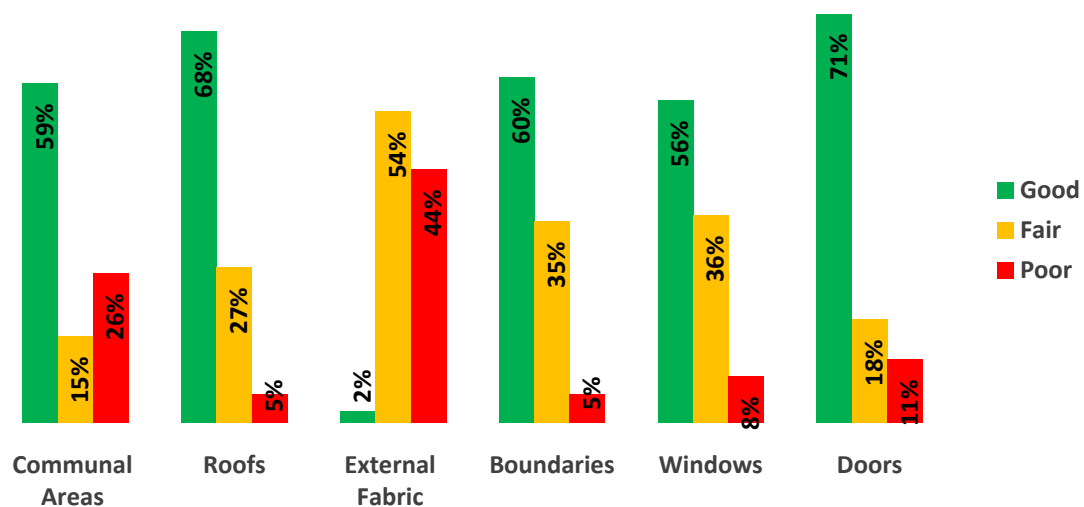


3.3 Kitchens, Bathrooms and Electrics: The majority of these are shown to be in a good condition with a remaining life exceeding 10 years. This reflects the targeting of current and previous programmes including the current Transforming Homes programme. Those in a fair or poor condition are largely in the areas that are still to be addressed under the programme.

3.4 Sheltered properties generally had more bathrooms in a fair condition at 66% - this has been attributed to the fact that many of these bathrooms have been installed as adaptations in response to tenant's needs rather than as part of a wider programme. Where properties have a separate toilet 85% of these were found to be in a good condition with a remaining life of more than 10 years.

3.5 Boilers: The Survey reports that only 37% of boilers are in good condition and 8% in poor condition. The majority therefore are in the fair condition category (55%). Analysis of this information alongside the results of the annual gas safety checks confirms that the stock includes 1232 properties where the boilers are now over 12 years old and of these 641 are over 15 years old and require prioritised replacement.

3.6 Table 3 - Communal and External Elements



3.7 The table above further reflects the prioritisation that has directed investment to the requirements of the Decent Homes criteria (as reflected in the first years of Transforming Homes) which addresses the core facilities in individual properties. The highest priority now is for early investment in the external fabric of the buildings. This work includes brickwork, rainwater goods, soffits, fascias, rendering and external painting. These requirements correspond to the final two years of the Transforming Homes programme which, from May 2019, will focus investment to address external fabric refurbishments.

3.8 Windows: Just over half of properties (56%) have windows in good condition, 36% are in fair condition and only 8% in poor condition. This rating does not take into account whether the windows are single or double glazed. There are 1052 properties that have single glazed windows. Although the stock condition data tells us these could be retained and repaired, it is recommended all single glazing is prioritised for replacement regardless of condition in order to achieve energy efficiency for these properties. The cost summary profile outlined in section 4 reflects this prioritisation.

3.9 Fencing and Landscaping: 60% of boundaries to street properties have been shown to have a remaining life exceeding 10 years. This is even higher for flatted accommodation with 72% of boundaries to blocks shown to be in a good condition. Only a small percentage of street properties (5%) and blocks (3%) require investment in boundaries in the next 3 years.

3.10 Energy Efficiency: The surveys undertaken included an energy assessment in order to provide an up to date position of the current energy consumption of the dwellings. This is measured under a national framework of calculation called RDSAP. Energy ratings are measured on a scale of A-G with A being the most efficient as shown in table 5 below.

3.11 Table 4 - Energy Efficiency Rating



3.12 The surveys identified an average RDSAP rating of D – 61.9. The lowest individual rating was E – 48 for was a typical 3 bedroom house constructed circa 1930-1949.

3.13 From April 2018, private sector landlords will be required by law to bring their properties to an energy efficiency rating of at least Band E and the Fuel Poverty Strategy for England sets an ambition that as many homes as reasonably practicable achieve a Band C energy efficiency standard by 2030.

3.14 The Council is committed to improving the overall thermal efficiency of our homes whilst effectively supporting some of our most vulnerable residents out of fuel poverty. As a relatively high number of Council tenants are vulnerable it is a key priority to reduce their fuel bills. To support this aim the target is to bring all council owned residential properties to a minimum of a Band D rating by 2022.

3.15 The following works have been highlighted to raise the lower rated properties up to the required target of a Band D rating.

- Top up loft insulation
- Window renewals where single glazed
- Boiler renewals and improved heating controls

The average cost to bring the properties below target up to a good energy efficiency rating is estimated at £6,448 per property. This has been included in the 30 year cost profile to align with renewal of associated elements.

3.16 Urgent Works: During the surveys if surveyors encountered anything that required urgent repair these were highlighted to us immediately. Only 34 urgent, previously unreported, repairs were highlighted during the survey

process. This included a number of properties that had no staircase handrails or balustrades in place, these having been removed by tenants. Some properties had lintel issues, loose chimney pots, dislodged roof tiles and broken electrical socket plates. There was also one case of Japanese Knotweed found. All works to address these urgent repairs were arranged as a priority and completed shortly after identification.

- 3.17 **Housing Health and Safety Rating System:** The Survey also assessed properties against the Housing Health and Safety Rating system (HHSRS) which is a risk-based tool to help identify and protect occupiers against potential risks and hazards. Properties are categorised on a rating of 1 – 5 indicating the severity of the risk. The surveys highlighted only one property with a current 'severe' rating of 5, due to lack of heating and associated damp and mould growth.
- 3.18 A number of properties were identified with a moderate level 4 risk rating and these are being addressed in relation to the individual concern, this includes 25 properties with structural concerns. Level 4 risks include some properties with previously unreported remedial repairs and some relating to layout and the positioning of cooking facilities. Some risks require tenancy management intervention as they relate to the tenant's management of their property. Unsafe kitchen layouts are being addressed as part of the Transforming Homes programme. The mitigation of all identified risks under HHSRS is being co-ordinated by the Housing Asset Investment team to ensure all are addressed in line with their priority within the next six months.
- 3.19 **Damp and Mould:** Only 4% of properties surveyed had any risk of damp or mould highlighted. The reports for these properties demonstrated that in the majority of cases this was caused by condensation. The recommendations for resolution were the installation of ventilation fans and advice to tenants around the day to day management of their properties. These results support the approach currently being taken by the service to reported damp and mould by the Housing team, based on a specialist team who complete full surveys and clearly distinguish between properties where works are required and those where housekeeping advice to the tenant should resolve the problem.

4. Issues, Options and Analysis of Options

- 4.1 The surveys undertaken have included a percentage example of the different archetypes across the Housing stock, excluding non-traditional properties as explained below. The overall results have been extrapolated to calculate the investment requirements over the next 5 to 30 years. The results demonstrate an investment need of £101,819,487 over the next 5 years and £452,447,897 over the next 30 years. The details of this are shown in Appendix 1.
- 4.2 In order to calculate the cost of potential works a schedule of estimated rates was applied, based on industry recommendations and the Council's current

tendered basket rates for works packages. It should be noted that costs included in this report do not include VAT or inflation costs.

- 4.3 **Non-Traditional Properties:** The housing stock includes 138 non-traditionally constructed properties which require significant investment in order to continue to provide fit for purpose living accommodation for a further 30 years. A specialist stock condition report was undertaken in 2015 of these properties and they have not been included in this recent survey. The investment requirement for these properties is estimated to be £2.9m with works required before 2020. This is therefore additional to the cost profile set out in this report.
- 4.4 Stock condition surveys do not include the testing of mechanical or electrical components as this testing is undertaken on a cyclical basis as routine planned programmes. Similarly fire safety inspections and associated works were not included in the scope of this survey.
- 4.5 The Stock Condition Survey data collected now provides the basis for future investment planning. This information will now be used to inform the Councils HRA business planning process and the prioritisation of works packages under the Housing Capital Investment Programme currently delivered through Transforming Homes.
- 4.6 The overall cost profile is summarised below in Table 5 and is presented in detail in Appendix 1 of this report. Overall this demonstrates that generally the prioritisation applied to the current programme of works under the Transforming Homes programme is targeting appropriately for the next three years. This programme continues in 2018 to address the internal element replacement and in 2019 moves on to prioritise external repairs and refurbishments. The detailed profile of the programme for the next three years will now be aligned with the stock condition information to ensure these resources are on target to address the properties with the most significant need.

4.7 Table 5 - Summary of Investment Requirement by Property Type

Type	5 Year Cost	30 Year Cost	No of Properties	5 Year Cost Per Property	30 Year Cost Per Property
Street Properties	£35,815,859.60	£223,984,893.02	5208	£6,877.09	£43,007.85
Flats	£55,991,991.09	£186,067,865.73	3379	£16,570.58	£55,065.96
Sheltered	£3,054,426.92	£20,032,689.99	1223	£2,497.49	£16,379.96
Garages	£6,957,209.61	£22,362,449.05	2948	£2,359.98	£7,585.63

NB: For detailed breakdown by element see Appendix 1

- 4.8 Initial analysis of the overall results has highlighted significant peaks in the investment requirements in both 2020 and 2022. These peaks are due to the lifecycle requirements for external refurbishment and roof renewals as well as peaks in the requirement for heating replacements.

- 4.9 Delivery programmes will need to address these highest priority elements and spread the investment period into future years where properties are able to sustain a longer lifespan. While this will not reduce the investment need overall, delivery programmes will be balanced to align with the availability of funding.
- 4.10 The Survey also provides us with a detailed understanding of the lifecycle costs of properties on individual estates and this information will be used to inform option appraisal and feasibility studies for potential estate regeneration areas.
- 4.11 Value for money in delivery is of primary importance and programmes of capital investment will need to closely align with repairs and maintenance programmes if the Council is to ensure the full lifecycle of elements is sustained.
- 4.12 Delivery will need to continue to target geographically, combine associated elements and take full advantage of access requirements in order to deliver the best value.
- 4.13 Engaging residents in the requirements of their Tenancy Conditions is also important to ensure resources address lifecycle replacement appropriately and are not diverted to tackle avoidable property damage or rectify unauthorised alterations.

5. Reasons for Recommendations

- 5.1 The Stock Condition Survey data provides the building block for future planning and allows the service to identify priorities and plan programmes for investment over the next 5 to 30 years.
- 5.2 Investment requirements detailed in this report can now be used to inform the future Housing Revenue Account Business plan. Peaks in requirement will need to be aligned with resource availability. Subsequent programming will be required to take into account the highest priorities and spread the investment period where the property is able to sustain a longer lifespan.
- 5.3 The Survey reported the average energy efficiency rating of the stock to be at a D rating of 61.9. This is explained in detail in Table 5 in the main body of the report. The Council aims to meet at least a Band D rating for all its residential properties by 2022 and a Band C rating in the longer term.
- 5.4 The recommended works to bring all lower rated properties up to this target include:
- Improved loft insulation
 - Window renewals where single glazed
 - Boiler replacements and improved heating controls

5.5 It is recommended that the programme addresses the replacement of single glazed windows as a priority in order to significantly improve the energy efficiency of the 1052 of properties affected.

5.6 Based on the survey results relating to damp and mould it is also recommended that the current approach to reports of these issues is maintained to target effectively expenditure on building fabric works, as distinct from minor repairs and treatments and housekeeping advice.

6. Consultation (including Overview and Scrutiny, if applicable)

6.1 The planning of the Stock Condition Survey was discussed at the Tenants Excellence Panel in February 2017. All tenants in selected properties were sent full details of the exercise prior to surveyors attending their homes.

6.2 The report to Overview and Scrutiny of December 2016 on the HRA Business Plan and Budgets outlined the Stock Condition Survey plans. The report outlined the anticipated requirements for investment in energy efficiency measures such as loft insulation and boiler replacements which have now been confirmed by the empirical data gathered through the Survey. .

7. Impact on corporate policies, priorities, performance and community impact

7.1 The maintenance and improvement of the Council's housing assets is linked to the following key corporate priorities:

- Creating a great place for learning and opportunity
- Encourage and promoting job creation and economic prosperity
- Building pride, responsibility and respect
- Improving health and well-being

8. Implications

8.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

The full investment requirement cannot be accommodated within the current HRA Business Plan. The current Transforming Homes programme is fully resourced, with the budgets agreed at February 2017 Cabinet being included in the Plan. The HRA business plan has an annual capital budget allocation of £10m included until 2026/27 against a need indicated of £15m per year. The ongoing investment requirement will need to be revisited annually. On current assumptions it may not be possible to sustain the £10m per year

capital investment beyond 2026/27 due to ongoing stock loss and increasing costs.

8.2 Legal

Implications verified by: **Chima Obichukwu,**
Housing Solicitor

There are no legal implications arising in respect of the Stock Condition Report. However I note the point about 34 properties where previously unreported urgent repairs were identified and have been prioritised for action. I also agree that resident engagement and adherence to tenancy conditions is essential to achieving our goal of maintaining housing stock in a planned cycle.

Works to the structure and communal areas of flatted accommodation will require full leasehold consultation under Section 20B of the Landlord and Tenant Act 1985 (amended). Therefore adequate timescales need to be considered in the implementation of future investment programmes.

8.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development and Equalities Team

A full impact assessment has been undertaken of the implementation of the delivery of the housing investment programme across both responsive repairs and major works.

The programme principles take into account the individual needs of tenants and makes adjustments for vulnerability. The diversity considerations include adherence to the Equality Codes of Practice in Procurement which require consideration of the equality arrangements of all companies any works on behalf of the Council; that they have relevant policies on equal opportunities and are able to demonstrate commitment to equality and diversity.

The significant investment required represents an opportunity to secure additional social value to the local communities in the borough.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- None.

9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- HRA Business Plan and Budgets 2017/18 Report to Cabinet, 8 February 2017

10. Appendices to the report

- Appendix 1 – Table of Housing Stock Investment Needs

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