

FOR PUBLICATION

COUNCIL HOUSING STOCK CONDITION AND ASBESTOS SURVEY (H000)

MEETING: 1. CABINET
2. EXECUTIVE MEMBER FOR HOUSING

DATE: 1. 4th NOVEMBER 2014
2. 24th OCTOBER 2014

REPORT BY: HOUSING SERVICES MANAGER – BUSINESS
PLANNING AND STRATEGY

WARD: ALL

COMMUNITY FORUM: ALL

KEY DECISION REFERENCE
(IF APPLICABLE): 410

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:

TITLE: Chesterfield Borough Council Stock
Condition Survey
Report – July 2014 LOCATION: Business Planning and Strategy

1.0 **PURPOSE OF REPORT**

1.1 To advise Members of the content of the Stock Condition and Asbestos Survey Reports.

2.0 **RECOMMENDATIONS**

2.1 That the Stock Condition and Asbestos Survey Reports be received.

2.2 That the Housing Services Manager – Business Planning and Strategy, updates the HRA Business Plan to incorporate the Stock Condition Survey data and reports back to Cabinet.

3.0 **BACKGROUND**

3.1 The Council is required to produce a 30 year HRA Business Plan for the Housing Revenue Account (HRA). This plan, required for the last 15 years, became even more relevant to the continued management and maintenance of the Council's Housing Stock under the Self Financing arrangements. One of the key drivers of the HRA Business Plan is an independent stock condition survey, which should be reviewed every 3 years.

3.2 As will be seen, the new Stock Condition Survey and the next version of the HRA Business Plan are showing that the condition of the housing stock has improved since the last survey in 2010. The investment put into the stock has been directed into the right areas with significant investment being made in relation to typical decent homes works, such as kitchens, bathrooms, electrical installations, heating and external doors .

4.0 **THE STOCK CONDITION SURVEY**

4.1 The Stock Condition Survey was procured through the Professional Services Hub (a Public Sector Procurement Framework), of which Chesterfield Borough Council are members, in December 2013 and the survey of 1,536 properties (16% of the Council's Housing Stock) was carried out through early 2014.

4.2 The Survey was carried out by Savills, a well-respected expert company in this field. There was no requirement for Savills to produce a sample framework as our instruction was to achieve a 100% survey of the remaining 1,952 un-surveyed dwellings in the Keystone Asset Management Database. Access was obtained in 79% of these dwellings resulting in the Council now holding accurate surveyed data in 94% of its housing stock.

4.3 The Survey is statistically robust within the usual tolerances (+/-3% accuracy) and is regarded as a "warranted" Stock Condition Survey such that the Department for Communities and Local Government (DCLG) or a funder would accept its findings as a true reflection of the present condition and future investment needs of the public sector housing stock.

4.4 Whenever possible the unit costs used in the Stock Condition Survey are based on our actual costs in 2014/15 and others used are industry norms.

4.5 The 'repair' categories contained in the Stock Condition Survey are those required by Government and match those used in the HRA Business Plan.

5.0 **RESULTS FROM THE STOCK CONDITION SURVEY**

- 5.1 Savills' report is attached at **Appendix A**. It includes an assessment of all the works required to maintain the housing stock to a good condition and in accordance with our responsibilities as a Landlord (the Chesterfield Standard) and also an assessment of the properties against the Decent Homes Standard. Approximately 8.1% (775 dwellings) of the stock is currently non decent in accordance with this standard. This is comparable with our Performance Indicator Outturn from 2013/14 which reported that 91.38% of the stock was decent at the 31st March 2014, taking into account where tenants have refused work. At the 1st October 2014, 92% of the stock met the Decent Homes Standard.
- 5.2 For the first time since 2007, when Savills undertook Chesterfield's first independent stock condition survey, the report has not identified any 'catch up or backlog repairs'. This puts Chesterfield in an enviable position, as many other social landlords, despite having met the Decent Homes Standard still have a backlog of works to elements not required under the Decent Homes Standard.
- 5.3 The spread of costs for 'future major works' or those which will keep the property in a lettable condition is split over the 30 year forecast period with £167.9million (62%) required for internal works and £101.4million (38%) for external / communal works. However within the next five years over 63% of predicted expenditure is for external works. This is reflective of the type of work that has already been carried out to the stock and the general age profile of the stock.
- 5.4 In overall terms the profile compares favourably to many local authorities with a relatively level spend in each of the next 10 years. This will enable the Council to plan and procure works over a longer period and develop a proactive approach to elemental renewals.
- 5.3 The 30 year cost of the required investment to maintain the stock in good condition, to what is known as the **Chesterfield (or Good Landlord) Standard** is £643,336,914 or an average of £21,444,564 per annum (including responsive repairs, voids and cyclical works funded from revenue). These costs also include the works to the Non Traditional Housing Stock, which were reported to Cabinet on 29th July 2014. The cost of maintaining the properties to the **Decent Homes Standard only** is £641,083,675 over the same period (including responsive repairs, voids and cyclical works funded from revenue and capital works to the Non Traditional Housing Stock) . It should be noted that the Decent Homes Standard if

rigorously applied is a lesser standard than that currently being provided. A technically “Decent Home” can be far from acceptable. A table detailing the differences between the two standards is attached at **Appendix B**.

- 5.4 The recommended phasing of the work required for the Good Landlord Standard illustrates a varying cost in each 5 year period over the 30 years of the Business Plan. This is because there are works required to the Non Traditional Housing Stock and Related Assets (Garages) in the early years and then work is phased depending on the replacement lifecycle of individual building components. Annual spends of £32,505,964 being required in the first five years and £17,032,847 per annum in each of the next five years. See **Appendix 1 and 5 of Savills Report respectively** for the costs associated with the Chesterfield Standard and the Decent Homes Standard only.
- 5.5 All costs are based on current prices (2014) with no allowance for inflation and are exclusive of professional fees.
- 5.6 The profiling of the investment is a mirror image of many of the existing profiles which is not surprising given that our existing profiles resulted from work being deferred year on year due to the inability to resource them adequately with our focus being very much on the essential only.

6.0 **CURRENT POSITION**

- 6.1 It is not the intention with this report to consider the HRA Business Plan as that will require a detailed report of its own. A report will be brought in December 2014.
- 6.2 Members are, however, aware that the Housing Capital Programme has been increased to maximise the number of homes meeting the Decent Homes Standard. Whilst the capital programme is currently less than that required to fulfil the Chesterfield Standard outlined by the Stock Condition Survey it is sufficient to ensure we fully meet the Decent Homes Standard by 2015.
- 6.3 The content of the Stock Condition Survey (and much other data) is being transferred into a revised Business Plan which will be available for Cabinet in December 2014. This will illustrate the future Housing financial position and level of required capital investment over a thirty-year period, although the emphasis will be on the issues in the shorter term.

7.0 **ASBESTOS SURVEY**

- 7.1 With legislation relating to the management and control of asbestos, Local Authorities have an obligation to assess the risks of asbestos within their

properties. This obligation currently only relates to common parts of buildings, however this may be extended to all of the stock in the future. The Health and Safety Executive recommends two types of survey, namely, Management Surveys and Refurbishment or Demolition Surveys.

The Council has an obligation under the Health and Safety at Work etc Act 1974 to make contractors aware of any asbestos within properties prior to works commencing.

7.2 The Asbestos Survey was procured through the Professional Services Hub (a Public Sector Procurement Framework), of which Chesterfield Borough Council are members, in December 2013 and the survey of all the communal areas of blocks and (whilst not yet a legal requirement) to 961 general needs properties (10% of the Council's Housing Stock) was carried out through early 2014.

7.3 The 961 general needs properties surveyed for asbestos were those receiving a stock condition survey and were therefore randomly selected from groups of like properties to ensure a stratified cross-section of the stock was sampled but no-one pre-determined which addresses were to be surveyed.

7.4 The survey was also carried out by Savills and the methodology is attached at **Appendix C**.

8.0 **RESULTS FROM THE ASBESTOS SURVEY**

8.1 The results from the survey have been incorporated into the Housing Asbestos Register which forms part of Keystone, the Asset Management Database. This register is available to all staff and contractors visiting any Council property to carry out inspections or work.

8.2 The survey has not identified any immediate concerns with asbestos containing materials in the stock, although there is some asbestos which has been recommended for removal or encapsulation, and a budget of £50,000 has been included in the 2014/15 Capital Programme for this work. The remaining asbestos will continue to be managed accordingly in situ and surveyed on a periodic basis in accordance with the Approved Code of Practice.

9.0 **CONSIDERATIONS**

9.1 In writing this report we have considered the following standard corporate issues;

- Risk Management
- Financial Implications

10.0 RISK MANAGEMENT

<u>Description of Risk</u>	<u>Impact</u>	<u>Likelihood</u>	<u>Mitigating Action</u>	<u>Residual Impact</u>	<u>Residual Likelihood</u>
Insufficient financial resources to deliver the Chesterfield Standard	High	High	Reduce the standard of improvements to the housing stock to a lesser standard e.g. Decent Homes Standard Only. Look at reintroducing in Year 7 of Business Plan	Medium	Low
Insufficient financial resources to deliver the Decent Homes Standard (in particular in the first 5 years of the Business Plan)	High	Medium	Defer non decent homes (work to non-traditional stock) related work from the first five years of the HRA Business Plan into later years, up to Year 7	Medium	Low
Increased demand for responsive repairs due to a delay in capital improvement	High	High	Increased Repairs Budget or need to deliver efficiency savings through procurement	Low	Low

11.0 FINANCIAL IMPLICATIONS

11.1 The costs of meeting the level of investment required to maintain the Housing Stock will be met through the Housing Revenue Account. The implications of the level of investment required will be set out in detail in a report to Members in December 2014 covering the Housing Revenue Account Business Plan.

12.0 **CONCLUSIONS**

12.1 The condition of the housing stock has significantly improved since the 2010 Stock Condition Survey with the investment put into the stock being directed in the right areas.

12.2 The 30 year cost of the required investment to maintain the stock in good condition, to what is known as the **Chesterfield (Good Landlord) Standard** is £643,336,914

12.3 The cost of maintaining the properties to the **Decent Homes Standard only** is £641,083,675 over the same period

12.4 The Asbestos Survey has not identified any immediate concerns with asbestos containing materials in the stock. This asbestos will continue to be managed accordingly in situ and surveyed in accordance with the Approved Code of Practice.

13.0 **RECOMMENDATIONS**

13.1 That the Stock Condition and Asbestos Survey Reports be received.

13.2 That the Housing Services Manager – Business Planning and Strategy updates the HRA Business Plan to incorporate the Stock Condition Survey data and reports back to Cabinet.

14.0 **REASONS FOR RECOMMENDATIONS**

14.1 To maintain an up to date Housing Revenue Account Business Plan.

Further information on this matter can be obtained from Alison Craig on extension 5156 or Roger Farrand on 5401.

ALISON CRAIG
HOUSING SERVICES MANAGER – BUSINESS PLANNING AND STRATEGY

Officer recommendation supported.

A handwritten signature in black ink, appearing to be 'M. J. ...', written in a cursive style.

Signed

Executive Member

Date 23.10.2014

Consultee Executive Member/Support Member comments (if applicable)