

CABINET (HOUSING) COMMITTEE

30 JUNE 2015

DECENT HOMES & INVESTMENT PLANNING TO COUNCIL HOUSING -  
KITCHENS & BATHROOMS

REPORT OF THE ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

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RECENT REFERENCES:

CAB2652 (HSG) - Housing Revenue Account Budget 2015/16 Budget and Business Plan 2015/16 to 2044/45, 11 February 2015.

CAB2619 (HSG) - Decent Homes & Investment Planning to Council Housing, 1 October 2014.

EXECUTIVE SUMMARY

CAB2619(HSG) was a high level report which covered a number of general issues surrounding Decent Homes and investment planning. This report concentrates and expands on just one of those issues - kitchens and bathrooms. The report discusses a number of factors which Members need to consider when these specific components are weighted or balanced against other competing priorities in the forthcoming months.

RECOMMENDATIONS:

That Cabinet (Housing) Committee notes the detail contained within the report, and considers whether further actions or additional information is required to address, or better inform, any areas of concern.

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### DECENT HOMES & INVESTMENT PLANNING TO COUNCIL HOUSING - KITCHENS & BATHROOMS

#### REPORT OF THE ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

#### DETAIL:

##### 1 BACKGROUND

- 1.1 At Cabinet (Housing) Committee on 1 October 2014 (CAB2619 (HSG) refers) it was resolved:-
- a) That the Committee notes the findings of the latest Stock Condition Survey and considers whether further actions are required to address any areas of concern.
  - b) That the Committee confirm that the Council's primary objectives should be to achieve and maintain Housing Quality (Decent Homes) standard for its stock, and that the necessary monies are set aside/ear-marked within the HRA Business Plan accordingly to achieve this.
  - c) That Members identify any further issues they wish to be considered by officers when drawing up recommendations for the next HRA Business Plan.
- 1.2 CAB2619 (HSG) set out the background, approach and findings of the 2013/14 Stock Condition Survey ("SCS"). Further, the report set out the general investment needs to keep the stock in reasonable condition over the next 30 years and the current position in relation to the housing quality standards (Decent Homes).
- 1.3 Members were asked to consider a range of different issues and principles when trying to formulate and agree investment priorities during the impending business planning process. Although Members concluded that there were no additional issues they would wish to see considered by officers at that time, clearly some issues remain more topical and important, for Members and tenants, than others ( e.g. kitchens and bathrooms; PV; energy efficiency measures; new homes; etc.).
- 1.4 The purpose of this report is to focus specifically on the kitchen and bathroom components, their relative importance to Decent Homes, and the pros and cons of moving away from the current renewal criteria.

## 2 Decent Homes

- 2.1 A home is a decent home if it meets the following four criteria:-
- a) it meets the current statutory minimum standard for housing
  - b) it is in a reasonable **state of repair**
  - c) it has reasonably **modern facilities and services**; and
  - d) it provides a reasonable degree of thermal comfort.
- 2.2 If a property fails on any one, or more, of the above criteria, then it would be regarded as non-decent or fail the housing quality standard (HQS). Failing on any one of the above criteria can be due to a combination of contributory factors, either within a component itself and/or because a combination of lesser/non-key unrelated factors which happen to coincide. A more detailed explanation of the Decent Homes criteria, and how the contributory factors inter-relate, is comprehensively covered in CAB2619(HSG) and the associated appendices. The explanatory detail contained within that Report remains unchanged, and therefore will not be re-iterated here.
- 2.3 Aside from the Decent Homes key components (roof, walls, windows and external doors), the next most important priority for tenants are the kitchens and bathrooms components - particularly kitchens.
- 2.4 Kitchens and bathrooms are captured by two of the above Decent Homes criteria - reasonable state of repair b) and reasonably modern facilities and services (c). The first is concerned with the age and condition of each component, the second with the age of each component only.

## 3 It is in a reasonable state of repair

- 3.1 A dwelling is considered not to meet this criterion if:-
- a) one or more key building components are old and, because of their condition need replacing or major repair; or
  - b) two or more other (non-key or secondary) building components are old and, because of their condition need replacing or major repair
- 3.2 Kitchens and bathrooms are deemed non-key or secondary components, and therefore fall under the second part of this criterion. This relies on both components failing the age/condition factor at the same time.
- 3.3 A kitchen needs to have been installed for at least 30 yrs. before it would be considered "old" under this criterion. For a kitchen to be considered in poor condition it would either require major repair, or the replacement of three or more facilities (cold water drinking supply; hot water; sink; cooking provision; cupboards; worktop).

- 3.4 A bathroom needs to have been installed for at least 40 yrs. before it would be considered “old” under this criterion. For a bathroom to be considered in poor condition it would either require major repair, or the replacement of two or more facilities (bath; wash hand basin; wc).

4 **It has reasonably modern facilities and services**

- 4.1 A dwelling is considered not to meet this criterion if it lacks three or more of the following facilities:-

- a) **a modern kitchen (20 yrs. old or less);**
- b) **a modern bathroom (30 yrs. old or less);**
- c) a kitchen with adequate space and layout;
- d) an appropriately located bathroom and wc;
- e) adequate (external) noise insulation; and
- f) adequate size and layout of common entrance areas for blocks of flats

(A kitchen failing on adequate space and layout (c) would be one that was too small to contain all the required basic items (sink; cupboards; cooker space; worktops; etc.)

- 4.2 For all intents and purposes, the other factors which may contribute to the property failing under the amenity/facilities criterion (i.e. c) to (f) above) can be ignored because the Council does not fail on any of these factors - which are essentially inherent design issues.
- 4.3 Although a home lacking two or fewer of the above is still classed as decent, and therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria, clearly any wish to go beyond this will move the Council voluntarily into a higher local/WCC standard (see Appendix A).

5 **Replacement of components when a property is empty/void**

- 5.1 Until more recently, kitchens and bathrooms over their Decent Homes modern amenity lifespans (20/30 years respectively) were replaced when a property became empty/void – irrespective of the component condition. Whilst in practical and operational terms this is the most logical and least disruptive time to replace these components (i.e. when the property is unoccupied), it meant that existing tenants with kitchens and bathrooms in poorer condition were being prioritised behind new tenants who were benefitting from this approach.
- 5.2 Understandably, existing tenants vented their frustration at this approach on a number of occasions on grounds of fairness. This approach was consequently reversed in voids so that a greater proportion of the funds available for these

components could be channelled to those kitchens/bathrooms in the poorest condition and identified outside the void process. In short, only kitchens and bathrooms deemed to be in poor condition are now replaced while the property is empty. While this approach still affords new tenants some priority over existing tenants, albeit now rightly based on condition, proper regard has to be given to the other benefits a new kitchen/bathroom brings to a void (i.e. let-ability).

## 6 Options and Implications of moving away from a condition-based replacement policy

6.1 The SCS carried out in 2013/14 currently informs and drives the investment planning and approach to renewals. The majority of the key and non-key components (roofs; windows; doors; walls; kitchens; bathrooms; etc.) were condition assessed as part of this survey and then allocated a recommended renewal date (5-year bandings). Those components that were not condition-assessed ( e.g. electrical wiring; boilers; etc.) have renewal dates based on specialist industry guidance, local knowledge, existing and well-established cyclic testing regimes and common sense.

6.2 In short, the Council's approach to investment planning and renewals is driven primarily by condition and "worst first" principles. If there is a move away from this general principle for kitchens and bathrooms then there are clearly a number of pros and cons of doing so. Appendix A summarises the options and issues.

## OTHER CONSIDERATIONS

### 7 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

7.1 Relevant to the strategic priority of being an efficient and effective Council and to maintain the Council's assets and to promote a high quality environment.

7.2 The proposals accord with the principles of making the best use of all available resources by continued clear financial planning.

7.3 The on-going commitment to eliminate and prevent any non-decent housing within its stock supports the Council key priority of improving the quality of life for its residents.

### 8 RESOURCE IMPLICATIONS

8.1 The estimated additional base cost (i.e. excl. backlog) of moving from a K30/B40 to K20/B30 cycle is approximately £400k per annum indefinitely (Appendix B refers).

8.2 The estimated total cost of moving from a K30/B40 to K20/B30 cycle and clearing the immediate additional backlog created (and the impact of kitchens starting to re-appear within the period) is estimated at approximately £700k per annum over a 30 year term (Appendix C refers).

- 8.3 These are estimated indicative costs generated from scenario modelling within Keystone (the Council 's electronic asset management system) and would still have to be subjected to the full business planning model and firmed up in advance of any formal decisions having to be made.
- 8.4 This is an information report only, and therefore Members are not being asked to commit any new or additional resources at this time. That said, hopefully the figures are detailed enough for Members to appreciate the relative impact of moving to a more frequent replacement cycle.
- 8.5 Aside from those kitchens and bathrooms that have been very well looked after, and/or have naturally stood the "test of time" well (more the exception than the rule), the general consensus amongst officers is that, particularly for kitchens, 30 years is too long. Officers are keen to ensure key needs and wants are affordable if at all possible, and are continuously reviewing the data and assumptions made within Keystone to ensure realistic and appropriate monies are set aside for where and when needed. This includes making value and logic judgements on the survey base data and reviewing practical and realistic investment needs in the light of developing knowledge and ongoing inspection regimes so that key wants ( e.g. the option of modern kitchens and bathrooms) is achievable and affordable if Members so determine. For example, in addition to the electrical wiring and boiler examples (CAB2619(HSG) paras. 3.2 & 3.3 refers) Officers are now investigating whether or not the sums set aside for renewing external wall structures are really necessary and appropriate bearing in mind the Council has regular external inspection regimes (every 5 years) and there is no evidence of widespread failure to date or in the foreseeable future - even though many of our properties are already beyond the expected lifespan for this element.

## 9 RISK MANAGEMENT ISSUES

- 9.1 Risk management plans form an integral part of the HRA Business Plan and key risks have been assessed and actions are in place to mitigate those risks.

## 10 TACT COMMENT

- 10.1 TACT note the content of this report and request that tenants be directly involved in any future debate on priorities. TACT would support any additional investment in tenants' homes, particularly if this results in improved facilities and standards of fittings such as kitchens and bathrooms.

## APPENDICES

Appendix A - Component Replacement Criteria

Appendix B - Replacement Cycle Comparative Base Costs

Appendix C - Replacement Options - 30-year costs

## Component Replacement Criteria

## Appendix A

	Kitchen	Bathroom	Factors	Comments	Pros	Cons
1	30yrs + old and in poor condition	40yrs.+ old and in poor condition	Age/condition	DH minimum "state of repair" standard ; both components have to be old and in poor condition ;	cost; affordable;	tenant dissatisfaction; tenants do not have modern amenities; components likely to be in fairly poor condition before replacement considered; houseproud tenants effectively penalised;
2	30yrs + old and in poor condition	40yrs.+ old and in poor condition	Age/condition	Effectively DH minimum "state of repair" standard but each component assessed and replaced independently of the other;	cost; affordable;	tenant dissatisfaction; tenants do not have modern amenities; components likely to be in fairly poor condition before replacement considered; houseproud tenants effectively penalised;
3	2013/14 SCS condition assessment	2013/14 SCS condition assessment	Condition only	Projected average age at due replacement date:- kitchens - 30yrs; bathrooms 34yrs.;each component assessed and replaced independently of the other;	cost; affordable; independently ranked on "worst first" condition only;	tenant dissatisfaction; tenants do not have modern amenities; components likely to be in fairly poor condition before replacement considered; houseproud tenants effectively penalised;
4	20yrs + old and in poor condition	30yrs.+ old and in poor condition	Age/condition	DH "modern amenity" timeframe but replacement still subject to condition; each component assessed and replaced independently of the other;	modern amenities (but subject to condition) ;	cost (approx. £400k p.a. more than 30/40 options if no backlog - see Apr.); proportion of tenants will still not have modern amenities;
5	20yrs + old and irrespective of condition	30yrs + old and irrespective of condition	Age only	Effectively DH "modern amenity" standard; each component assessed and replaced independently of the other;	modern amenities; certainty for tenants; simpler planning and application for staff; condition assessment no longer necessary;	cost (approx. £400k p.a. more than 30/40 options if no backlog - see App B); accusations of wasting money - taking out kitchens which are still in good/reasonable condition ;

**NB** Clearly there are other replacement cycle options eg K25/B35 or K20/B40, but neither of these meets the DH ethos of a property having modern amenities (because one or both of the components are still outside the modern age range )

**Appendix B****Replacement Cycle Comparative Base Costs**

	K30yrs/B40yrs	K20yrs/B30yrs	Extra p.a.
<b>Kitchens</b>			
Units p.a	167	250	83
Est.Costs p.a.	£668,000	£1,000,000	£332,000
<b>Bathrooms</b>			
Units p.a	125	167	42
Est.Costs p.a.	£250,000	£334,000	£84,000
<b>Totals</b>	<b>£918,000</b>	<b>£1,334,000</b>	<b>£416,000</b>

NB the **£416,000** is a standing ongoing additional cost p.a. of the K20/B30 over the K30/B40 cycle (i.e. excludes any backlog catch-up)



## Appendix C

**Replacement Options - 30-year costs****K30yrs/B40yrs Scenario**

Year Due	Bathroom	Kitchen	Total
Catchup	£1,694,619	£2,856,196	£4,550,815
2015/2016	£411,655	£762,116	£1,173,771
2016/2017	£236,770	£800,626	£1,037,395
2017/2018	£195,723	£510,138	£705,861
2018/2019	£287,142	£838,407	£1,125,549
2019/2020	£165,867	£900,372	£1,066,239
2020/2021	£508,333	£1,001,580	£1,509,912
2021/2022	£228,513	£503,537	£732,050
2022/2023	£151,227	£663,395	£814,622
2023/2024	£321,870	£732,470	£1,054,339
2024/2025	£228,441	£645,953	£874,394
2025/2026	£308,598	£595,633	£904,231
2026/2027	£227,546	£802,338	£1,029,885
2027/2028	£167,080	£637,908	£804,989
2028/2029	£372,519	£937,751	£1,310,270
2029/2030	£329,295	£777,933	£1,107,228
2030/2031	£636,354	£903,930	£1,540,284
2031/2032	£322,159	£757,679	£1,079,839
2032/2033	£317,079	£1,077,884	£1,394,962
2033/2034	£504,368	£2,288,848	£2,793,216
2034/2035	£361,369	£799,661	£1,161,030
2035/2036	£324,493	£84,356	£408,848
2036/2037	£403,932	£107,530	£511,462
2037/2038	£317,846	£58,259	£376,105
2038/2039	£628,640	£111,640	£740,280
2039/2040	£318,707	£87,362	£406,069
2040/2041	£649,229	£61,353	£710,583
2041/2042	£384,232	£61,870	£446,102
2042/2043	£362,372	£66,462	£428,834
2043/2044	£693,078	£62,707	£755,785
2044/2045	£237,650	£1,858,146	£2,095,795

**K20yrs/B30yrs Scenario**

Bathroom	Kitchen	Total
£3,553,319	£10,102,377	£13,655,696
£322,987	£639,831	£962,819
£216,048	£806,545	£1,022,593
£147,842	£637,604	£785,446
£321,195	£936,243	£1,257,438
£321,677	£774,052	£1,095,729
£600,230	£900,908	£1,501,139
£291,986	£756,447	£1,048,433
£277,242	£1,053,001	£1,330,243
£426,817	£2,223,338	£2,650,155
£356,836	£781,802	£1,138,638
£350,795	£90,962	£441,757
£412,900	£104,121	£517,022
£339,635	£61,140	£400,775
£645,993	£121,883	£767,876
£326,073	£92,281	£418,354
£667,823	£65,010	£732,833
£410,940	£63,405	£474,345
£384,952	£91,345	£476,297
£753,965	£128,520	£882,485
£218,862	£9,122,184	£9,341,047
£124,123	£593,027	£717,149
£100,659	£805,746	£906,406
£115,150	£635,028	£750,178
£252,674	£927,508	£1,180,182
£94,069	£773,014	£867,083
£258,638	£900,273	£1,158,911
£124,393	£756,145	£880,537
£125,700	£1,053,001	£1,178,701
£470,175	£2,223,036	£2,693,211
£3,107,920	£781,802	£3,889,722

**Grand Total      £12,296,704      £22,354,040      £34,650,744**

**£16,121,620      £39,001,578      £55,123,198**

**Total additional cost      £20,472,454**  
**Total additional cost p.a.      £682,415**