

CABINET (HOUSING) COMMITTEE

20 JUNE 2012

THE OVERVIEW AND SCRUTINY COMMITTEE

9 JULY 2012

STOCK CONDITION SURVEY OF COUNCIL OWNED HOMES

REPORT OF THE HEAD OF HOUSING SERVICES

Contact Officer: Andrew Kingston Tel No: 01962 848240
akingston@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

This report sets out proposals, and seeks approval for, the commissioning and completion of a new stock condition survey to the Council housing stock.

The report sets out the reasons and need for a new stock condition survey, procurement options and likely timescales in terms of project implementation.

The report also seeks delegated authority for the Head of Housing Services to make use of an existing consultants framework agreement (already understood to be procured in accordance with EU law), and to select and appoint one of the framework consultants to carry out stock condition surveying services.

RECOMMENDATIONS:

1. That the approach and proposals outlined in this report for the commissioning of a new stock condition survey be approved.
2. That, in accordance with Contract Procedure Rule 2.4b, use of the City West and Liverpool Mutual Homes (LMH) Consultants Framework agreement be approved, subject to the Head of Legal Services being satisfied that the framework complies with EU procurement rules.
3. That, delegated authority is given to the Head of Housing Services to select and appoint a framework consultant to provide stock condition surveying services, and that the method of awarding the contract under the framework agreement is lowest price.
4. That Council be requested to;
 - approve a revenue virement within the HRA of £300,000 in 2012/13, with the revenue support to the capital programme (RCCO) being reduced in order to meet the stock survey costs which are a charge to revenue
 - note that the capital budget for External Envelope Works will be reduced because of the reduction in the RCCO.
5. That a revised Repairs and Renewals programme reflecting these recommendations be brought to this Committee in September 2012.

That The Overview & Scrutiny Committee:

6. Considers whether to call-in the virement referred to in recommendation 4 above and whether there are any matters of significance that it wants to draw to the attention of Cabinet, a portfolio holder or the Council.

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DETAIL:

1 Background

1.1 The Council commissioned its first stock condition survey (SCS) in 1987. This survey (carried out by Rand Associates Ltd.) was carried to the whole stock and it looked at a number of agreed key building elements. This survey was restricted to property condition assessment only, and the project work took approximately 12 months to complete.

1.2 The Council commissioned a second SCS in 2002 to determine long term investment needs (i.e. for the next 30years), but also more specifically to determine investment requirements to meet the Decent Homes standard by 2010. In contrast to the first survey, this survey (carried out by David Adamson & Partners) looked at only 30% of the stock in terms of condition assessment, but also included a 100% tenant satisfaction survey. Again, the overall project work took approximately 12 months to complete.

2 Purpose of a Stock Condition Survey

2.1 The main purpose of any stock condition survey is to collect up to date information on the repair condition of the key and non-key elements of the building. In short, this involves estimating the remaining life of the building elements so that short and longer term repair/replacement programmes can be generated. These raw programmes can then be “smoothed” and adjusted by “what-if” modelling to produce plans that are affordable.

2.2 The purpose of the condition survey is primarily to identify major capital repairs. The survey will not be used to generate estimates and programmes in respect of ad-hoc/unplanned failures, or the other standard revenue costs associated with stock maintenance (e.g. day to day responsive repairs; external repairs and painting; servicing programmes; voids; disabled adaptations etc.) .

3 Scope/extent of the Survey

- 3.1 Clearly, the higher the percentage of properties inspected the more accurate the investment projections, and the more useful the survey in terms of operational maintenance management. The decision to carry out a 30% survey in 2003 more than satisfied high level business planning and resource accounting requirements; however, in terms of operational maintenance management, anything less than a 100% survey limits our ability to produce well-informed, well-balanced and appropriately prioritised and costed short, and longer term, work programmes.
- 3.2 Good practice recommends that SCSs are carried out at least every 10 years. It has now been 10 years since 30% of the stock was last surveyed in 2002, and 25 years since the remainder (70%) were last surveyed. Therefore, apart from where remedial works have been identified from surveyed properties (i.e. the 30% surveyed in 2002) and voids, or as a result of other specific project work (e.g. central heating boiler replacements), programmes and priorities for the remaining key elements have largely been determined by , and relied upon, tenants proactively reporting their problems. The proposal here is therefore to carry out an internal and external stock condition assessment of the whole stock (100%).
- 3.3 Replacement/renewal programmes will only be generated for the major capital repairs, so data will only be collected for the key and non-key elements of the building. Clearly, the first priorities have to be to keep occupants warm, dry and safe - so the “key” elements are those which afford occupants the first line of protection from the weather (e.g. doors; windows; walls; roofs etc.) and those internal components that have potential safety implications (boilers; electrics; etc.). The “non-key” elements, whilst important to the occupants, are those deemed a somewhat lower priority in maintenance management terms (e.g. kitchens; bathrooms; etc.).
- 3.4 The survey design/s have yet to be finalised, but will to include a combination of elemental condition assessments and health and safety risk assessments (i.e. for specific recognised hazards e.g. asbestos; damp/cold; falls; etc.). The information will be collected and recorded on site by surveyors using hand-held electronic tablets.

4 Procurement Proposals

- 4.1 In contrast to previous surveys carried out by consultants, the intention is to procure and tender a survey brief which will effectively require but limit the successful tenderer to provide/source experienced stock condition surveyors. These surveyors will be required to use mobile hardware and software pre-configured and supplied by WCC (in partnership with Keystone - Orchard partner). On a day to day basis, these third party surveyors will ideally operate from City Offices and maintain a close working relationship with client staff within the Property Services team . We may have to be flexible and compromise on certain elements if, for example, there is no active interest in this approach.

- 4.2 One of the key benefits of this approach is the speed at which the on-site surveying should be completed. Clearly this depends on the scale of resources employed and a number of other practical considerations, but the intention will be for the actual on-site surveying work to take no more than 4/5 months to complete.
- 4.3 The estimated cost of the survey works is £300,000. This contract is deemed to be a "Service Contract" and above the threshold for the application of the European Union tendering procedures. Therefore the Council is bound by law to follow EU procurement procedures in both the procurement, assessment and awarding of this contract.
- 4.4 The intention is to follow the OJEU Framework procedure, and to make use of an existing 4 year framework agreement established in 2009. The Consultants framework, which was jointly procured by City West and Liverpool Mutual Homes (LMH), provides project management and construction related consultancy services at pre-negotiated, competitive rates. Approval is sought (in accordance with Contract Procedure Rule 2.4b) to authorise the Head of Housing Services, and the Head of Legal Services, to procure these works using this existing framework agreement.
- 4.5 If a social housing provider wishes to join and use this framework agreement it must enter into a "Joining Agreement" with City West and LMH. The Joining Agreement (£500) is a simple form of agreement which makes it clear that City West and LMH are happy for the social housing provider to use the framework and appoint consultants under it. Once a social housing provider has signed the joining agreement, it is then up to them to decide which framework consultant they wish to appoint to provide services and how they will select them. The method of awarding this contract under the framework arrangement will be lowest price. The quality of all consultants included within the framework has been thoroughly tested through the initial procurement process.

5 Programme/Timescales

- 5.1 The proposed project timetable is contained within Appendix A.
- 5.2 The Keystone asset management solution is currently being implemented within Property Services (CAB 2263 refers). This is due to be implemented by the end of July this year, following which will be a further bedding/down and comprehensive user-acceptance testing period to ensure the product has been setup and configured in accordance with our needs, and additionally "fit for purpose" for use by any external third parties.
- 5.3 The actual on-site surveying work is unlikely to start before January 2013..
- 5.4 Subject to Cabinet approval of these proposals, the immediate next step is to prepare a formal survey brief.

OTHER CONSIDERATIONS:6 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS
(RELEVANCE TO):

- 6.1 A new stock condition survey establishes the current and overall repair condition of the Council's housing portfolio. As such, it is the first, and most important, building block in establishing the long term investment needs and priorities of the stock. Generating and procuring longer term work programmes not only ensures homes remain decent, but also adds greater certainty to long-term financial planning and to proactive maintenance management of the stock.

7 RESOURCE IMPLICATIONS

- 7.1 Over the last 12/18 months, the Property Services team has been significantly re-structured to take account of changing needs and priorities (The final part of this re-structure is the subject of another report PER217).
- 7.2 Amongst a number of other benefits, one of the initial expectations from this re-structure was to free-up internal resources (specifically the area property surveyors) to carry out cyclic stock condition surveys and reduce the reliance on external third parties. This expectation may have been achievable had the works programme remained at approximately £8m per annum (spend for '10/'11 and '11/'12). However, the works programme has increased by nearly 40% to £11m for 2012/13 (CAB 2287 refers) and for the foreseeable future.
- 7.3 Whilst attempts could be made to service both a new SCS and the much increased works programme within existing resources, officers consider that trying to do both puts both at risk of failure. Not only might the survey take a protracted period to complete, or not be completed at all, but the day to day operational side of the business also risks being compromised. To this end, officers now feel that an additional and separate resource should be commissioned to carry out the on-site surveying element of the stock condition survey so that the newly formed operational teams within Property Services (including the area property surveyors) are allowed to remain focussed on the existing, and now much-expanded, annual works programme.
- 7.4 The Keystone asset management solution is currently being implemented within Property Services. Budgetary provision has already been sought and approved for the funding of this project from the HRA in 2012/13 (CAB 2263 refers).
- 7.5 As mentioned above, we estimate that the on-site surveying work of this stock condition survey could cost in the region of £300,000. The exact timing of the expenditure will depend on the final arrangements with the successful surveying company but it is expected that most, if not all the spending will

take place in 2012/13. It is proposed that all the funding is identified from the 2012/13 budget and that the capital budget for “External Envelope Works” is reduced by £300,000. This means that it is possible to reduce the revenue support to the capital programme in order provide the resources in the revenue budget to fund the costs of the stock survey work. This requires Council to approve a virement within the HRA of £300,000.

- 7.6 In the event that all the spending did not take place in 2012/13 authority will be sought in due course to carry forward any unspent balances into 2013/14.
- 7.7 Once this main survey has been completed, the intention to is to keep it regularly updated by continuously collecting data on a 5-year rolling cycle (using internal staff). This will ensure the data remains relatively current (i.e. no more than 5 years old) at any one time, and should obviate the need for any mass surveys in future. To this end, while the main survey is taking place the opportunity will be taken to train up our own surveyors - both in stock condition surveying techniques (by carrying out joint visits with those already experienced in that field), and familiarisation with the “in-house” hardware/software which has been developed and configured jointly with Keystone. The survey results will also be updated as programmes of work are completed.
- 7.8 Up to date data on stock condition is an essential component of a robust HRA business plan. The results of the survey will need to be compared to the spending plans included in the current HRA business plan and an assessment made of how the stock survey spending requirements can be delivered.
- 7.9 This proposal equates to a unit cost of £60 per property for a detailed condition survey.

8 RISK MANAGEMENT ISSUES

- 8.1 If a stock survey is not commissioned the Council will continue to provide a largely reactive, and therefore unnecessarily costly, approach to maintaining it’s housing stock. Without a new SCS, and the long term programmes it will generate, the council will be unable to prioritise and plan major renewal works and to align funds and finances accordingly.

9 TACT COMMENTS

- 9.1 We note proposals for completing a stock survey. TACT remain concerned that some properties have never been properly surveyed in the past and relying on samples means that Council claims on all homes meeting the decent homes standard could be questioned.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix A Project Timetable

Stock Condition Survey - 2012/13

	2012												2013					
	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug			
	1 Keystone implementation	█																
2 Keystone user acceptance testing/survey designs			█															
3 Cabinet approval of SCS proposals	█																	
7 Preparation of survey brief/ITT		█																
8 Impact assessment		█																
10 Contractor selection and award			█															
11 Survey mobilisation					█													
12 On-site surveying period								█										