

HIGH PEAK BOROUGH COUNCIL

Report to the Corporate Select Committee

8th October 2018

TITLE:	Housing Stock Condition
EXECUTIVE COUNCILLORS:	Councillor Julie McCabe – Executive Councillor for Housing & Communities Councillor Emily Thrane – Executive Councillor for Finance & Operational Services
CONTACT OFFICER:	Andrew Stokes – Executive Director (Transformation) & Chief Finance Officer
WARDS INVOLVED:	Non-Specific

Appendices Attached:

None

1. Reason for the Report

- 1.1 The purpose of this report is to outline the conclusions following completion of the housing stock condition survey.

2. Recommendations

- 2.1 It is recommended that the Corporate Select Committee requests that the Executive:
- Note the outcomes of the survey in particular:
 - The assessment of the structural condition of the non-traditional properties (detailed in Section 9)
 - The identified Housing Health and Safety Rating System (HHSRS) hazards (detailed in Section 10)
 - The position with regard to compliance with the Decent Homes Standard (detailed in Section 11)
 - The energy rating (RdSAP) assessments (detailed in section 12)
 - Note the implications for the HRA Business Plan and the financial impact as detailed in Sections 15 and 16
 - Approve the suggested approach the ongoing assessment of the stock condition as set out in Section 17

3. Executive Summary

- 3.1 In April 2016 the Council's Executive made a commitment to complete a full condition survey on the portfolio of housing properties by March 2019. This was in recognition that the longer-term solution to for bringing the HRA into balance following the rent reduction obligations would need to be underpinned by stock condition surveys in order to accurately inform the level of expenditure required to maintain the housing properties to the required standard.
- 3.2 After the completion of a procurement exercise, Michael Dyson Associates (MDA) were appointed to undertake the surveys. MDA are specialists in this type of surveying. The surveys commenced in July 2017 and were completed in December 2017. The surveyors gained access to 90.2% of the dwellings. The data collected by MDA was uploaded onto the Council's asset management system (Keystone).
- 3.3 The survey work was undertaken in three separate elements:
- An intrusive survey of the non-traditional properties;
 - A survey of the garage sites; and
 - A survey of the general needs and sheltered stock.
- 3.4 The required outputs from the survey were as follows:
- Assessment of the structural condition of the non-traditional properties
 - Identification of Housing Health and Safety Rating System (HHSRS) hazards for dwellings.
 - Ascertain dwellings failing the Decent Homes Standard.
 - Determination of the energy rating (RdSAP) of each dwelling.
 - Provide data required to inform investment plans for 5, 10 and 30 year cost forecasts
- 3.5 The structural investigation of the 941 non-traditional properties revealed very few issues with the structural condition of the properties. MDA went on to make a recommendation as to the appropriate repairs to maintain their structural integrity for at least a further 30 years and calculate budget costs associated with this. Their survey revealed an investment of some £986,000 over the 30-year period.
- 3.6 The housing health and safety rating system (HHSRS) is a risk-based evaluation tool which was applied by MDA during the survey. MDA identified 69 Category 1 hazards during the fieldwork. These related to a spread of issues, all of which were reported to the Council for immediate rectification. This accounts for 1.72% of HPBC's total stock and many of these related to tenants' modifications.
- 3.7 The survey revealed that 715 (17.9%) properties failed to meet the Decent Homes Standard (DHS). Benchmarking suggests that these results are not untypical. The DHS failures represent a total cost liability of £1,776,134 the

majority of which sits within the planned maintenance profile, as they represent like for like element replacements. The properties that failed the DHS will be given priority in the programming for capital investment. However there are a number of minor items that are not like for like replacements but involve a degree of improvement works which total £125,105.

- 3.8 In order to determine the energy rating of each property MDA carried out RdSAP (version 9.92) surveys to all dwellings where a stock condition survey was completed. The SAP ratings were consistent with expectations, with the overall average SAP rating for the stock being 62.86 (equivalent of a mid-band D) which is to be expected for such a varied stock, although it is below the 'Housemark' rating for social landlords within the UK which is 66.9.
- 3.9 It is important that the Council sets a realistic and achievable target for gradually improving the average SAP score year on year. The works and the costs required to improve the least well performing properties could then be identified, as this is where the worst fuel-poverty issues will be found. The costs associated with improving the average SAP score have not been included in the overall planned maintenance programme, therefore these will need to be determined and incorporated into the programme as part of the HRA business plan update to be presented in February 2019.
- 3.10 Surveys were successfully completed on 572 garage units located in 54 blocks. There was found to be approximately £14,390 of backlog repairs required – the highest backlog repair cost was in relation to 'metal up and over main door renewals'. Overall planned maintenance requirements over the 30 years are estimated at £1,206,620 which if spread equally over the 30 years would amount to £39,740 per year. At this stage, it is anticipated that the planning maintenance requirements can be covered using the existing repairs budget, additional garage rental income or costs reductions based on decisions taken for redevelopment.
- 3.12 The Council has also separately commissioned and completed environmental reviews of individual estates at Fairfield, Buxton, Gamesley and New Mills. Part of this brief was to look at master planning and assessing various approaches to improving the estates under review. Potential environmental improvements are also identified in the final reports. These will need to be considered in detail alongside the costs identified in the stock condition survey.
- 3.13 The environmental review work has also identified housing development opportunities which potentially can be used to improve the long-term sustainability of the Council's Housing Revenue Account (HRA) or allow offset of affordable housing requirements from other sites. The outcomes from this can be used in conjunction with the garage site survey, which also identifies development opportunities. In both cases there will need to be further work undertaken to confirm that any sites are suitable for redevelopment and a business case considered based on the financial, planning and infrastructure implications

- 3.14 In order to provide estimates of future costs, MDA used industry-standard life cycles and schedules of rates based on the Council's real costs to develop forecasts for a 30-year investment plan.
- 3.15 Once the outputs from MDA forecasts were finalised, the Council commissioned the external housing consultancy DTP to undertake an independent review of the stock condition data to provide some context and analysis for the Council in relation to the business plan and HRA funding. DTP suggested a number of amendments to the capital investment cost outputs from the MDA survey. These related to electrics and kitchens where they recommended reducing the provision. They also suggested adjustments to the cost outputs for a number of discretionary areas of spending. The adjustments are to be made on the basis that necessary repairs are picked up as responsive maintenance.
- 3.16 The adjusted 30 year projected investment requirement is some £127.275 million. This equates to £31,898 (£1,063 per year) per property which is within the benchmarks suggested by DTP. This equates to a total spend per year of £4,242,495, on a straight line or smoothed basis although there is lower annual requirement in the early years of the 30-year plan.
- 3.17 The current capital programme totals £3.94 million which is the level of the provision in each of the years in the Medium Term Financial Plan i.e. until 2021/22. The existing HRA 30 year business plan, in line with the previous stock condition survey from 2012 includes capital expenditure forecasts after year 4 of £5.2 million per year (ranging from £3 million to £7.5 million for individual years). Consequently, the proposed capital programme would result in a £1 million reduction per annum on average from year 5 on the current HRA business plan. This is slightly offset by an increase of £0.22 million in the first 4 years.
- 3.18 Although the MDA surveys suggest a lower annual investment requirement in the early years, it is proposed to smooth the capital programme over the 30 years. Running the proposed capital programme through the HRA business plan, removes the requirement to externally borrow to finance capital expenditure and the programme therefore becomes affordable. In reducing the capital programme, surpluses are generated over the 30 year business plan. This then allows provision for improving SAP ratings, additional costs to maintain garages as necessary and any additional costs required for minor repairs. It would potentially also allow consideration of any proposals for estate regeneration as and new build programmes.
- 3.19 The stock condition information will be incorporated into a revised HRA business plan and presented for formal approval in November.
- 3.20 The stock condition survey provides a firm basis to inform the HRA business plan. However it is critical that this is kept up to date it is therefore proposed to undertake an annual desktop exercise to reconcile the asset management system to the capital works undertaken to ensure all works have been captured. This will ensure the Council maintains an up-to-date view of the

condition of its housing stock. However, to supplement this, it is proposed to undertake external validation surveys on a sample basis every 4 years – in line with the proposed periodic full review of the HRA business plan.

- 3.21 The contents of this report were considered and supported by the HRA Business Plan Working Group on 17th September.

4. How this Report Links to Corporate Priorities

- 4.1 Having a “Fit for purpose housing stock that meets the need of tenants” is one of the Council’s key priorities.

- 4.2 In order to ensure that this priority is achieved the Council has committed a comprehensive review of its HRA Business Plan. The assessment of the stock condition will underpin the new plan.

5. Options and Analysis

- 5.1 There are no options to consider

6. Implications

- 6.1 Community Safety - (Crime and Disorder Act 1998)
None

- 6.2 Workforce
None

- 6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Equality and Diversity policies.

- 6.4 Financial Considerations
The stock condition outcomes reveal a 30-year projected investment requirement is some £127.275 million. This equates to a capital programme of approximately £4.2m per year on a straight line or smoothed basis although there is lower annual requirement in the early years of the 30-year plan.

The will result in 1 million reduction per annum on average from year 5 on the current HRA business plan. This is slightly offset by an increase of £0.22 million in the first 4 years. Headroom is therefore created in the business plan for the consideration of programmes to improve energy ratings; environmental improvements; and the development of new housing.

- 6.5 Legal
None

6.6 Sustainability
None

6.7 External Consultation
There was a programme of consultation with tenants before and during the completion of the surveys

6.8 Risk Assessment
Not applicable

ANDREW P STOKES
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Background Papers

Location
Buxton Town Hall

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7 Background and Introduction

- 7.1 The previous Stock Condition Survey to assess the condition of the Council's housing stock was undertaken in January / February 2012 when 820 of the Council's 4,098 dwellings were surveyed. The report concluded that the stock is generally in good condition. The survey identified total required expenditure of £234.7m over the 30 year business plan period – which included responsive, void, cyclical repairs and planned maintenance.
- 7.2 The local authority reported 0% non-decent homes as at 1st April 2010. Nationally the percentage of social housing stock that was 'non-decent' as at 1st April 2010 was 10.2%, down from 14.5% a year earlier. For local authority stock only, the percentage of non-decent homes declined from 22.0% to 16.2%.
- 7.3 In April 2016 the Council's Executive made a commitment to complete a full condition survey on the portfolio of housing properties by March 2019. It was agreed that the surveys will be phased and prioritised. It was recognised that the longer-term solution to for bringing the HRA into balance following the rent reduction obligations would need to be underpinned by stock condition surveys in order to accurately inform the level of expenditure required to maintain the housing properties to the required standard. It is recognised that reliable and up-to-date stock condition data is critical for investment planning. Although a 20% survey is accurate enough to provide high level estimates of expenditure, the remaining 80% is then based on estimation and so should not be used for developing detailed programmes of work. It is also reliant on internal property systems being kept up-to-date otherwise works programming is extremely difficult.
- 7.4 It was also agreed that ultimately this data may be used, in conjunction with financial projections, to identify the net present value of rental receipts and projected maintenance expenditure, and that it will also potentially identify groups of properties whereby other potential delivery options could be explored.
- 7.5 The purpose of this report is to outline the conclusions following completion of the survey.

8 Commissioning of the Survey

- 8.1 The main objectives of the survey were to:
- Provide accurate and statistically reliable information concerning repairs and maintenance as well as improvement costs, in the standard reporting categories, forecast over a 5 and 30 year term;
 - Collect, validate and report upon attribute and condition information about the stock for the purpose of improving existing records and future maintenance planning;
 - Establish a methodology upon which further surveys may be undertaken in the future to supplement this survey exercise;

- Provide accessible, reliable and easily maintainable planning data for future repairs, maintenance and improvement programmes including the provision of a written summary report and integration of the outputs into the Council's existing Keystone asset management system;
- Assist the Council at an operational level to direct resources to the best effect in the repair, maintenance and improvement of the housing stock;
- Inform the Council's Housing Revenue Account Business Plan and the Housing Investment Programme

8.2 It was specified that the stock condition survey should include the following items (where applicable):

- A general building description, location and record of survey addresses
- A summary of the area of the building and type of accommodation/ usage/ current occupancy
- A brief history of the building including all recent alterations or additions
- Any proposals for future use including remodelling or structural alterations
- Details of landscaping, external buildings and works – existing and recommended
- A coded building component condition assessment ranging from very good to very poor
- An assessment of the general condition of the structure, the fabric, services, facilities and fittings
- An assessment of the state of repair and energy efficiency in respect of the Decent Homes Standard
- An indication of the presence, type and removal of asbestos products and an asbestos register
- Details of recommended measures required to reduce the incidence of crime related problems
- Identification of actions required to comply with the Disability Discrimination Act
- Details of required energy conservation measures and the standard to be achieved
- Details of any requirements for upgrading of existing, or the installation of, fire precaution measures
- Details of required alterations and improvements to comply with houses in multiple occupation
- Outcomes of the testing for the presence of lead in drinking water
- Outcomes of the testing for the presence of radon radioactive gas
- Identification of window restrictors fitted and an escape window from the first floor (to meet current Building Regulations)
- Identification of low-level glazing fitted with laminated safety glass
- Assessment of the need for any 'Structural Adaptations' to meet tenants' needs
- A prioritised five year maintenance programme with detailed estimated costs
- A 30-year projected life cycle maintenance spend profile
- The extent and any limitations of the surveys conducted
- Existing floor plans and photographic evidence

- The current value of the property
- SAP assessment

8.3 Michael Dyson Associates (MDA) was appointed to undertake the surveys. MDA are specialists in this type of surveying. As part of the survey the Council took the opportunity to update all their data and to collect data for the external and communal areas of the blocks of flats. The data is stored in the Council's asset management system called Keystone. Keystone is the market leading asset management system in the sector.

8.4 The survey work was undertaken in three separate elements:

- An intrusive survey of the non-traditional properties;
- A survey of the garage sites; and
- A survey of the general needs and sheltered stock.

8.5 The required outputs from the survey were as follows:

- Assessment of the structural condition of the non-traditional properties
- Identification of Housing Health and Safety Rating System (HHSRS) hazards for dwellings.
- Ascertain dwellings failing the Decent Homes Standard.
- Determination of the energy rating (RdSAP) of each dwelling.
- Provide data required to inform investment plans for 5, 10 and 30 year cost forecasts

8.6 The surveys commenced in July 2017 and were completed in December 2017. The surveyors gained access to 90.2% of the dwellings.

9 Outcomes - Non-traditional Properties Structural Condition

9.1 Within the whole stock there are 941 non-traditional properties which are summarised in the table below:

Non-Traditional Property Type	Site	Number of Houses	Number of Bungalows	Number of Maisonettes
Airey	Hope	3	-	-
Kenkast	Glossop	-	1	-
	New Mills	-	39	-
	Whaley Bridge	-	1	-
MOHLG 5M	Fairfield, Buxton	121	-	-
	Gamesley, Glossop	156	63	-
Timber Frame	Hadfield	3	-	-
Wates	New Mills	17	-	-
Wimpey No-Fines	Chapel en le frith	18	-	-
	Fairfield	18	3	-
	Gamesley, Glossop	343	145	10
Totals		679	252	10
Overall Total Number of HPBC Stock of Non-traditional Properties				941

9.2 MDA carried out a structural investigation of the non-traditional housing to establish the structural condition of the properties and recommend appropriate repairs to maintain their structural integrity for at least a further 30 years and calculate budget costs associated with this.

Property Type	Construction	Recommended Repair Type	Rec. Repairs Year Band	Archetype Total Repair Costs	Mid Life Up-Lift Repair Year Band	Archetype Total Mid Life Up Lift Costs	Total Archetype Cost Repairs /Mid-life Up Lift
Airey	PRC	Only Regular Routine maintenance required to maintain weather tightness.	N/A	-	-	-	-
Kenkast	PRC	Cover exposed PRC plinths with EWI or PVC detail to prevent any further deterioration.	1-5	£82,000	10-15	£41,000	£123,000
MOHLG 5M	Steel	Only regular routine maintenance required to maintain weather tightness. Stanchions should continue to be inspected for deterioration every 5 years.	N/A	-	-	-	-
Suspected Timber Frame	Trad	Install remedial wall ties to brickwork, remove any loose areas of render. Apply External Wall Insulation with brick effect.	1-5	£37,500	15-20	£3,000	£40,500
Wates	PRC	Only regular routine maintenance required to maintain weather tightness until a Mid-life up-lift of existing EWI.	N/A	-	10-15	£17,000	£17,000
Wimpey No Fines	In-situ	Only regular routine maintenance required to maintain weather tightness and a Mid-life up-lift ASAP to attend to damp/staining issues.	N/A	-	1-5	£805,500	£805,500
Totals				£119,500	-	£866,500	£986,000

10 Outcomes – Identification of Housing Health and Safety Rating System (HHSRS) Hazards

10.1 The housing health and safety rating system (HHSRS) is a risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings. It was introduced under the Housing Act 2004 and applies to residential properties in England and Wales. The HHSRS takes into account any extra risk to young children or older people.

10.2 Hazards are rated according to how serious they are and how likely they are to affect someone badly. A category 1 hazard is the most serious. A category 1 hazard is a hazard that poses a serious threat to the health or safety of people living in or visiting a dwelling. Examples include:

- exposed wiring or overloaded electrical sockets

- dangerous or broken boiler
- bedrooms that are very cold
- leaking roof
- mould on the walls or ceiling
- rats or other pest or vermin infestation
- broken steps at the top of the stairs
- lack of security due to badly-fitting external doors or problems with locks

10.3 The Council must take action if its assessment shows that there is category 1 hazard identified.

10.4 During the fieldwork 69 Category 1 Hazards were found by MDA, relating to various issues, all of which were reported to HPBC for immediate rectification. This accounts for 1.72% of HPBC's total stock and many of these related to tenants' modifications. All of these failures were immediately rectified.

10.5 In addition there were 107 Category 2 hazards which were also assessed. These hazards are not required to be rectified immediately by but, rather, should be considered as likely precursors to a category 1 hazard.

11 Outcomes – Assessment against the Decent Homes Standard (DHS)

11.1 A priority for the Council is to ensure that the housing stock meets the Government's Decent Homes Standard (DHS) and that it is maintained at that standard for the next 30 years, together with meeting other landlord statutory obligations. The DHS was originally issued in March 2001 and it provided a minimum standard for properties to be maintained. Various updates to the standard have taken place since 2001. The original intention was for all properties across the country to meet the standard by 2010. The key elements of the DHS are that properties must:

- Meet the minimum Housing Health and Safety Rating System (HHSRS) standards;
- Be in a reasonable state of repair;
- Have reasonably modern facilities and services; and
- Have efficient heating and effective insulation

11.2 The survey revealed that 715 (17.9%) properties failed to meet the Decent Homes Standard. Benchmarking suggests that these results are not untypical. The survey assessed the stock against the various categories within the Decent Homes Standard and the details are set out below:

HHSRS		Disrepair		Modern Facilities		Thermal Comfort		Overall Total	
No.	%	No.	%	No.	%	No.	%	No.	%
69	1.72	462	11.52	28	0.7	156	3.9	651	16.24

11.3 The Decent Homes Standard failures represent a total cost liability of £1,776,134. This is broken down as follows:

- HHSRS – nil
No costs are apportioned to individual HHSRS failures as these have been immediately rectified funded through the responsive maintenance budget.
- Disrepair - £1,741,519
This cost is attributed to disrepair on a number of elements including: chimneys, external doors, electrical supply and windows.
- Modern Facilities - £28,040
This cost would be attributed to the replacement of kitchens, improvements to kitchen layouts, replacement bathrooms and improvement to bathroom layouts.
- Thermal Comfort - £6,575
This cost is attributed to the installation of effective loft insulation, wall insulation and replacement heating systems.

11.4 The majority of costs to remedy Decent Homes Standard failures sit within the Planned Maintenance Profile, as they represent like for like element replacements. The properties that failed the DHS will be given priority in the programming for capital investment. However there are a number of minor items that are not like for like replacements but involve an degree of improvement works and these are set out below:

- Kitchens layout: £118,530
- Effective Insulation: £4,851
- Efficient heating: £1,724

11.5 This results in a cost of £125,105 for Decent Homes Standard failures not accounted for elsewhere.

12 Energy rating – Reduced Data Standard Assessment Procedure (RdSAP)

12.1 The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances. SAP was commissioned by former Department of the Environment in 1992, as a tool to help deliver its energy efficiency policies. The SAP methodology is based on the BRE Domestic Energy Model (BREDEM), which provides a framework for calculating the energy consumption of dwellings.

12.2 Reduced Data SAP (RdSAP) was introduced in 2005 as a lower cost method of assessing the energy performance of existing dwellings.

- 12.3 SAP works by assessing how much energy a dwelling will consume, when delivering a defined level of comfort and service provision. The assessment is based on standardised assumptions for occupancy and behaviour. This enables a like-for-like comparison of dwelling performance. Related factors, such as fuel costs and emissions of carbon dioxide (CO₂), can be determined from the assessment.
- 12.4 SAP quantifies a dwelling's performance in terms of: energy use per unit floor area, a fuel-cost-based energy efficiency rating (the SAP Rating) and emissions of CO₂ (the Environmental Impact Rating). These indicators of performance are based on estimates of annual energy consumption for the provision of space heating, domestic hot water, lighting and ventilation. Other SAP outputs include estimate of appliance energy use, the potential for overheating in summer and the resultant cooling load.
- 12.5 As part of the survey MDA were asked to collect energy data. In order to provide an accurate assessment of the energy rating for the stock, MDA carried out RdSAP (version 9.92) surveys to all dwellings where a stock condition survey was completed. The information in the table below shows the average results for the whole stock, broken down by archetype.
- 12.6 The SAP ratings in the table below show how energy efficient or inefficient the properties are. The higher the rating, the more efficient the property is considered to be. The maximum SAP rating that a property can have is 100.
- 12.7 The SAP ratings appear consistent with MDA's expectations, with the overall average SAP rating for the stock being 62.86 (Equivalent of a mid-band D) which is to be expected for such a varied stock. Currently, the reported average SAP at 'Housemark' rating for social landlords within the UK is 66.9. Therefore, the average noted in the table is slightly below the 'Housemark' average.

	Average of CO ₂	Average of Energy Use	Average of Lighting Costs	Average of Space Heating Costs	Average of Water Heating Costs	Average of SAP
House	3256.77	18552.50	60.23	553.02	87.52	59.88
Flat	2158.42	12358.51	50.27	362.30	89.69	69.16
Bungalow	2397.63	13702.17	41.25	439.99	73.07	61.58
Maisonette	2076.98	11960.59	65.93	309.09	104.22	79.20
Bedsit	1885.93	10808.71	27.18	291.94	92.74	68.93
Grand Total	2765.62	15781.58	53.17	474.77	85.22	62.86

- 12.8 As can be seen from the table above, the lowest average SAP score is associated with houses, which has a score of 59.88 which is equivalent to a low band D. The highest average SAP rating is associated with HPBC's stock of maisonettes with an average rating of 79.20 which equates to a high band C. The highest individual dwelling SAP value was 79.69 and the lowest was 11.96.

- 12.9 It is important that the Council sets a realistic and achievable target for gradually improving the average SAP score year on year. The works and the costs required to improve the least well performing properties could then be identified, as this is where the worst fuel-poverty issues will be found.
- 12.10 The costs associated with improving the average SAP score have not been included in the overall planned maintenance programme, therefore these will need to be determined and incorporated into the programme as part of the HRA business plan update to be presented in February 2019.

13 Garages

- 13.1 MDA was also commissioned to undertake an assessment of the Council's garage blocks to determine the ongoing repair and maintenance liability. Repair costs associated with garages attached to housing stock have been included in the main stock condition surveys.
- 13.2 Surveys were successfully completed on 572 garage units located in 54 blocks. There was found to be approximately £14,390 of backlog repairs required – the highest backlog repair cost was in relation to 'metal up and over main door renewals'.
- 13.3 In terms of future planned maintenance, it was noted that many garages had components that were reaching the end of their useable life. Overall planned maintenance requirements over the 30 years are estimated at £1,206,620, an average cost per garage of £2,109 or £70 per year.
- 13.4 Again, 'metal up and over doors' account for the highest investment required at £470,030 over the 30 years.
- 13.5 The forecast spend profile is shown below:-

2018-19	2019-20	2020-21	2021-22	2022-23	2023-27	2028-32	2033-37	2038-42	2043-47	TOTAL
14,391	201	2,514	60,202	1,061	296,431	290,723	282,785	187,623	70,692	1,206,623

- 13.6 The backlog maintenance requirements will be offset by the planned increases to garage charges (as part of the rent policy review)
- 13.7 The planned maintenance requirements spread equally over the 30 years would amount to £39,740 per year. However, MDA were also requested to consider whether garage blocks could be suitable for redevelopment, based on location, proximity to other properties, access and estimated site occupancy. The recommendations made will need to be reviewed and a business case considered based on the financial, planning and infrastructure implications.
- 13.8 Therefore, at this stage, it is anticipated that the planning maintenance requirements can be covered using the existing repairs budget, additional

garage rental income or costs reductions based on decisions taken for redevelopment.

14 Estate Regeneration

14.1 As previously reported the Council was awarded a £90,000 grant for an environmental review of 3 areas within High Peak in relation to their housing stock:

- Fairfield, Buxton
- Gamesley
- New Mills

14.2 Part of this brief was to look at master planning and assessing various approaches to improving the estates under review. The detailed assessment of sites with development potential will support the emerging land disposal strategy. Potential environmental improvements are identified in the final report. These will need to be considered in detail alongside the costs identified in the stock condition survey.

14.3 The work has also identified affordable housing investment opportunities which potentially can be used to improve the long-term sustainability of the Council's Housing Revenue Account (HRA) or allow offset of affordable housing requirements from other sites.

14.4 Future development sites will need to be subject to a detailed review. This will allow a holistic approach to site value and deliverability as the sites will be reviewed in the context of surrounding sites and the wider environment which can provide for a full determination of sale value and maximisation of value and opportunities. The establishment of timescales for disposal will also need to be established as part of this exercise.

14.5 Members of the Asset Management Working Group have already expressed their wishes for the outcomes of these reviews were finalised as soon as possible and presented to councillors in order to allow their input into the process.

15 Capital Investment Programme Requirement

15.1 The survey identified a need to invest £142.034m in the whole stock over the next 30 years, including the repairs to the non-traditional stock.

15.2 Once the survey was completed and the outputs from it were finalised, the Council commissioned the external housing consultancy DTP to undertake an independent review of the stock condition survey to provide some context and analysis for the Council in relation to the Business Plan and HRA Funding.

- 15.3 The table below sets out the costs identified by MDA and it has been sorted to identify the elements with the highest overall costs, electrics then kitchens, then heating, etc.

Element	TOTAL
	£
Electric	22,207,407
Kitchen	19,569,990
Heating	18,948,106
Roof	17,845,057
Windows	16,080,979
Bathroom	11,578,966
External Walls	9,207,839
Doors	7,700,340
Internal Finishes	7,283,866
Communal	4,510,086
Outbuilding	3,366,932
Environment Works	2,368,279
Garages	254,804
Non-Traditional Repairs	986,000
Decent Home Failure Costs	125,105
TOTAL	142,033,756

- 15.4 As stated in section 12, the costs of improving the energy profiling are not included in the totals as the timing and cost of the works are not known at this stage.

- 15.5 The costs are raw and have not been 'smoothed'. The surveys show that the investment required over the 30 year period would be as follows:

Years	TOTAL Required
	£
1 to 5	17,092,252
6 to 10	21,482,774
11 to 15	22,844,016
16 to 20	25,893,458
21 to 25	23,817,296
26 to 30	30,903,960
Total	142,033,756

- 15.6 In order to provide estimates of future costs, MDA used industry-standard life cycles and Schedules of Rates based on HPBC's real costs. The industry typical life cycles for the major dwelling components are as follows:

Component	Renewal Years
Boilers	12
Kitchen	20
Bathroom	30
Re-wire	30
Front Doors	30
Lifts	20
Detectors	10
Extractor Fans	15
Roofing	50

15.7 The investment required over the 30 year period is £35,597 per property. The feedback from DTP when reviewing the outcomes from the survey highlighted that results for surveys of this type usually identify approximately £30,000 to £35,000 per property over 30 years, so roughly about £1,000 to £1,170 per annum. The figure of £1,186 is above their benchmark. DTP then considered the potential for adjusting these projections for business planning purposes.

15.8 DTP suggested two amendments to the capital investment cost outputs:

- Electrics – The cost provision included in the outputs was £4,000 and the life cycle replacement was 30 years. DTP considered that this is an over provision as experience shows that full rewires are rare as long as electrical testing is regularly undertaken. They recommended reducing this figure by 1/3rd.
- Kitchens - The cost provision was £3,500 and the life cycle replacement is 20 years. They considered this to be an over provision and recommend reducing the cost provision figure by £500.

15.9 They also suggested adjustments to the cost outputs for a number of discretionary areas of spending. The adjustments are to be made on the basis that necessary repairs are picked up as responsive maintenance. The adjustments made are as follows:

- Garages – all of the cost picked up as responsive maintenance
- Outbuildings – costs reduced by 50%
- Internal Finishes – costs reduced by 50%
- Environmental Works – costs reduced by 50% - there also will need to be a link to the estate environment review work that has recently been commissioned and completed (see section 14 above)

15.10 The adjusted 30 year projection is as follows:

Element	ORIGINAL TOTAL	REVISED TOTAL
	£	£
Electric	22,207,407	16,659,719
Kitchen	19,569,990	17,123,100
Heating	18,948,106	18,948,106
Roof	17,845,057	17,845,057
Windows	16,080,979	16,080,979
Bathroom	11,578,966	11,578,966
External Walls	9,207,839	9,207,839
Doors	7,700,340	7,700,340
Internal Finishes	7,283,866	3,641,933
Communal	4,510,086	4,510,086
Outbuilding	3,366,932	1,683,466
Environment Works	2,368,279	1,184,140
Garages	254,804	-
Non-Traditional Repairs	986,000	986,000
Decent Home Failure Costs	125,105	125,105
TOTAL	142,033,756	127,274,836

15.11 The investment required over the 30 year period is £31,898 per property which is within the DTP benchmark. This equates to £1,063 per property per year.

Years	TOTAL Required	Spend per Year
	£	£
1 to 5	15,072,263	3,014,453
6 to 10	19,432,065	3,886,413
11 to 15	19,908,503	3,981,701
16 to 20	22,792,467	4,558,493
21 to 25	22,089,898	4,417,980
26 to 30	27,979,642	5,595,928
Total	127,274,836	

15.12 It can be seen that the revised profile results generate average spend per year of £4,242,495, on a straight line or smoothed basis. The table shows that there is lower annual requirement in the early years of the investment plan.

16 Emerging Capital Programme

16.1 The current HRA capital programme has been established based on existing information and prioritising spend pending the stock condition surveys being completed. This relied on the previous Dysons sample stock condition surveys that were commissioned in 2012 plus more up-to-date information from the Council's records and knowledge (as per report to HRA working group 12th September 2016 and 5th February 2018)

- 16.2 On this basis, a capital programme was set for 2018/19 totalling £3.94 million. This was replicated as the forecast for 2019/20-2021/22 within the Medium Term Financial Plan as approved in February 2018 – pending the stock condition information.
- 16.3 The existing HRA 30 year business plan includes capital expenditure forecasts based on the previous 20% surveys for year 5-30 of the plan – with year 1-4 (2018/19 – 2021/22) matching the MTFP. Consequently, the current average annual capital programme forecasts after year 4 of the HRA business plan is broadly £5.2million (ranging from £3million to £7.5million for individual years)
- 16.4 A report was approved by Executive on 21st January 2016 which established that the current capital programme forecasts within the HRA business plan were now unaffordable as a result of the Governments 4 year 1% rent reduction. In order to fully fund the capital programme external borrowing was required and consequently over the 30 years the Government imposed debt cap of £68.2 million was reached.
- 16.5 The Financial Improvement Plan (presented with the MTFP in February 2017) identified a £1.2 million HRA efficiency programme over a 4 year period (2017/18 – 2020/21) which – assuming the savings are realised, improves the financial position, but the current capital forecasts remain unaffordable
- 16.6 As discussed in section 15, the findings of the latest MDA stock condition surveys adjust the average annual capital programme to £4.2million. Although the MDA surveys suggest a lower annual investment requirement in the early years, it is proposed to smooth the capital programme over the 30 years. Therefore, providing the opportunity to reprofile some planned spend required in later years and/or address the SAP rating issues or consider estate regeneration requirements.
- 16.7 Consequently, the proposed capital programme would result in a £1million reduction per annum on average from year 5 on the current HRA business plan. This is slightly offset by an increase of £0.22million in the first 4 years.
- 16.8 Running the proposed capital programme through the HRA business plan, removes the requirement to externally borrow to finance capital expenditure and the programme therefore becomes affordable.
- 16.9 In reducing the capital programme, surpluses are generated over the 30 year business plan. This then allows provision for improving SAP ratings, additional costs to maintain garages as necessary and any additional costs required for minor repairs. It would potentially also allow consideration of any proposals for estate regeneration as outlined in section 14 and new build programmes.
- 16.10 The stock condition information will be incorporated into a revised HRA business plan and presented for formal approval in November.

17 Ongoing Approach to Assessing Condition

- 17.1 Whilst the Council now has a comprehensive understanding of the housing stock maintenance requirements, it is important that this knowledge remains up-to-date to inform the HRA business plan.
- 17.2 In order to do this, it is critical that the Council's asset management system (Keystone) is maintained. Therefore, an annual desktop exercise will be completed to reconcile the asset management system to the capital works undertaken to ensure all works have been captured. There also needs to be a link with Housing Repairs to capture relevant information to ensure the data held is fully complete.
- 17.3 This in itself will ensure the Council maintains an up-to-date view of the condition of its housing stock. However, to supplement this, it is proposed to undertake external validation surveys on a sample basis every 4 years – in line with the proposed periodic full review of the HRA business plan.
- 17.4 This is on the basis that there is most confidence in the first 5 years stock condition information collated by MDA, with less detailed information (in terms of the exact financial year expenditure is required) from year 6 onwards. So an external validation in year 4 will further support and confirm or provide challenge to the internal records held on Keystone.