

**REPORT FOR: TENANTS' AND
LEASEHOLDERS'
CONSULTATIVE FORUM**

Date of Meeting: 5 January 2011

Subject: INFORMATION REPORT - Asset Management Progress Report

Responsible Officer: Lynne Pennington, Divisional Director Housing Services

Exempt: No

Enclosures: Draft Housing Capital Programme 2011/12

Section 1 – Summary

This report gives a position statement on progress and issues arising in housing asset management, including responsive maintenance and planned investment.

FOR INFORMATION

Section 2 – Report

2.1 Asset Management Restructure

2.1.1 The Asset Management Section was formed with the transfer of Housing Major Works and Minor works at the beginning of October. On 9 October all Asset Management staff, including Kier were relocated to offices on the first floor of Civic 1.

All three members of the senior management team have since been appointed and these are:

Data and Planning Manager	Kulwinder Sing-Rai
Planned Investment Manager	Ramsay Hood
Responsive Maintenance manager	Subhash Patel

An assimilation exercise has taken place for existing permanent staff in accordance with HBC procedures and advertising will take place in January to complete the staffing of the new sections.

The Asset Management restructure has identified savings against capital schemes that have been included in the budget. This will be kept under review and the additional revenue costs incurred will be mitigated by a reduction in the RCCO.

2.1 Responsive Repairs

2.1.1 The responsive repairs budget is set at £2.63m for 2010-11. At this stage in the year, the early onset of winter weather indicates a potential higher than average demand for responsive repairs

As previously reported there is an unplanned increased expenditure this year on asbestos surveying and removal. There has been a significant increase in the number of boiler replacements from April to October 2010, higher than anticipated volume of orders compared with previous years (forecast an additional 1000 orders to year end March 2011) and the early deterioration in the weather will have an impact on expenditure. To the end of November there have been 13,436 repair requests, compared with 12,171 in the previous year.

These issues indicate a possible overspend at year end. Quarter 2 monitoring reported to December cabinet indicated an underspend of £250k on responsive due to a reduction in unit costs. However current indications are for an increase in unit costs along with an increase in the number of repair requests and this could result in an overspend. We are continuing to work with Kiers to secure efficiencies in cost to mitigate the implications of any increased demand. Relevant elements will be capitalised (as is usual). In addition it may prove necessary to hold back come non-urgent repairs should the pressure on budgets continue.

2.2 Voids

2.2.1 For the period ending 30th November 2010, 192 voids have been managed with an average cost of £2.45k per void and a maintenance

turnaround time of 9.25 days (target 10 days). It is predicted that the volume of voids to year end March 2011 will be 300.

Asbestos surveys and removals are contributing to keeping void costs high. In addition the cost of ex-tenant related damage and rubbish clearance (£40k to end of November) continues to keep costs high. Recharging out-going tenants will help to mitigate overspend related to these elements.

Current average expenditure per void indicates that there is a possible overspend of £195k and we will work with Kier to minimise this.

2.4 Capital Programme

2.4.1 Contractual Arrangements

The Council is currently contracted to Kier in a four year Framework Contract that is due to expire in June 2011. In order to ensure continuity of implementation of the capital programme Asset Management is currently exploring options for the replacement of this contract.

2.4.2 Summary of Housing Capital Programme

The budget for capital expenditure originally approved for 2010-11 amounted to £7,610k. This has been increased mainly by slippage from 2009/10 to £10,473k.

As reported previously the most significant project this year is Decent Homes. A summary of each of the main budget provisions is set out below.

Kier, the partnering contractor for Harrow Council's Housing maintenance, is carrying out the majority of the works. This includes the managing of the stock condition surveys being carried out by Consultants which extended during this half of the year to about 70% of the stock. The next phase will not start until 2011/12.

The new Asbestos Policy and Asbestos Management Plan are completed and in place. The affect of the new regulations that led to the drafting of these documents has been to delay works as well as adding costs to cover the survey work. Before the contractor is allowed to start works it is necessary to survey those elements of the properties that will be affected by the works to identify any asbestos and to allow for its safe removal or encapsulation before the works start. In order to comply with statutory obligations, an exercise is currently underway to purchase and install a web based asbestos database. The current plan indicates that this should be in place and being populated early in the new calendar year.

The deadline for achieving full Decent Homes Standard compliance is 2010 and Harrow planned for completion by the 31st December 2010. However the last phase of the works includes window and door replacements to properties in Francis Road. The major works necessary at Francis Road in order to renew the windows has delayed the project and the TSA has indicated its agreement to an extension of the deadline. Works on two blocks in Milman Close are also suspended due to requests from leaseholders to buy the freehold

For 2011/12 the programme will revert to the priorities indicated by both the stock condition surveys and the tenants priorities though it will also need to ensure that “decency” in line with the standard continues to be maintained. The 2011/12 programme will not include a DHS specific budget but will include an elemental approach to renewal and upgrading.

The draft capital programme for 2011/12 is appended and will be considered as part of the budget setting process for the HRA Medium Term Financial Strategy 2011-12 to 2015-16. Within this programme works to leasehold properties will be included and the procedure followed will be compliant with leasehold legislation. Thus there will be an income from leasehold recharges – this will be quantified when the detail of the programme is finalised.

2.4.3 Decent Homes

The budget for 2010/11 culminating in compliance with the standard in 2010 is £3m. The major part of this budget is allocated to the replacement of windows (approx. £2m), with the remainder covering minor works including:

- Internal works
- Water tank replacement
- Chimneys
- Wall finishes
- Spalling bricks

Delays to the implementation of this programme have resulted from the continuing affect of the change in asbestos regulations.

2.4.4 Estate Environmental Improvements

The programme continues in the year on five blocks including Augustine and Bancroft. Renewal of main entrance doors and screens in the Kingsfield Estate is carried over from last year to 2010/11. The new doors/screens will replace the existing components and will not require future planned maintenance/painting.

2.4.5 Aids and Adaptations

There is currently a review taking place of A & A and as part of this current arrangements are being replaced with a new Aids and Adaptations Panel and an Aids and Adaptations Executive Board.

The backlog of applications that has reflected in the performance indicators this year now forms part of a contract with Kier with the intention of completing at the end of this year. The budget for 2010/11 and beyond was increased to £700k for this purpose, but the affects of the extra investment will take time to work through the system. Early indications from the current level of applications indicates that whilst the budget is expected to be adequate for next year, there is a further need to complete works in this year and a virement of £100k is being sought from the Decent Homes programme to fund additional works in 10-11.

2.4.6 Digital TV Switchover

Consultation meetings took place in early December and any issues raised will be reported at the TLCF meeting. A budget is included in 2010/11 to start this process. As prices are confirmed for this years programme, an accurate assessment of the continuing budgetary requirement into 2011/12 can be determined. Completion of the work in 2012 is essential to cater for analogue switch-off.

2.4.7 Lifts

The programme for replacing lifts is continuing with installations at Tapley Court, Cornell House, Boothman House and Durrant Court. This programme will continue in future years to ensure that the lifts provided in sheltered blocks are both safe and reliable. Prices were submitted by Kier and vfm verified, with a start on site in January. Detailed consultation will take place with residents as the lifts will be out of action for the duration of the works.

2.5 Database and Stock Condition Surveys

2.5.1 Stock condition surveys are continuing using Consultants. The programme for 2011/12 is planned to start in April 2011 and on completion will have raised the surveyed stock to close to 100%. The final part of any stock condition survey includes those properties where there is access difficulty, so the full 100% is unlikely to be achieved at that time. Included in the Asset Data and Planning team is a post of stock condition surveyor. This surveyor will be responsible for:

1. Completing the survey to 100% including all with access problems
2. Surveying all non dwelling Housing assets (e.g. garages and community halls)

3. An on-going survey of dwellings to update older surveys on a rolling programme

2.6 Three Year Capital Programme

2.6.1 A draft 3 year programme, with 2010/11 added, is appended. The later years of the programme will be revised as improved data becomes available as a result of the stock condition survey. Consultation has started on the content of this draft which has been considered by the Asset Management Improvement Group.

Further information relating to the detail of this programme will be provided at the meeting.

Section 3 – Further Information

All relevant is detailed in the report.

Section 4 – Financial Implications

4.1 The quarter 2 position anticipated underspends in relation to revenue repairs, however the increased costs and volumes associated with the winter months would anticipate this being contained within existing budgetary provision. Assets Management have identified the risk of response repair volumes exceeding the 17,300 assumed in the budget. Unless mitigations are considered and implemented, the risk of a significant overspend on response repairs exists.

The Q2 position on the capital programme, anticipated a full spend. This is currently under review to ensure a robust outturn position is reported and is likely to result in slippage to 2011-12 for those schemes not finalised in 2010-11.

The appendix attached to this report identifies the programmes of work proposed to deliver improvements to council properties over the next 3 years. Tenants may recall that expenditure currently exceeds income, requiring an annual contribution from balances, which impacts the longer-term viability of the HRA if this continues. Any overspend in responsive repairs or void budgets would have to be met from contingency, capitalisation or balances to avoid the necessity for this officers are working with our partners Kier to drive down costs through efficiencies in processes and looking for increased income from recharges to tenants who are damaging our property or leaving their homes in poor condition.

4.2 The 3year HRA Medium Term Financial Strategy assumes a level of funding which will be revisited as part of the budget setting process. Funding for works costs in excess of these amounts will need to be identified before any programmes proceed and could be partly funded by the contributions anticipated from the s20 process.

Section 5 – Corporate Priorities

Name: Milan Joshi	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 17 December 2010		

Section 6 - Contact Details and Background Papers

Contact: Howard Beresford - Head of Asset Management – 020 8424 1011

Background Papers: None

DRAFT HOUSING CAPITAL PROGRAMME 2011/12		2010 / 11	2011 / 12	2012 / 13	2013 / 14	Comment
1	C/F from 2009/10 - (Cabinet 23rd June)	1,671,480	0	0	0	
2	Mid year re-phasing	400,000	0	0	0	
3	Capitalised by Housing - salaries	187,000	187,000	187,000	187,000	
4	Property Services Fees	700,000	0	0	0	Reduce 2010/11 by 50% due to restructure
5	Aids and Adaptations	700,000	700,000	700,000	700,000	Demand led
6	Contingency / Fire damage	100,000	100,000	100,000	100,000	
7	Decent Homes Standard	3,000,000	0	0	0	Revert to elemental programme after DHS deadline passed
8	Kitchen / Rewire programme	0	1,250,000	1,250,000	1,000,000	
9	Bathroom / Heating programme	0	1,000,000	1,250,000	2,000,000	
10	Roofs / Doors / Windows programme	0	900,000	1,500,000	2,000,000	
11	Door Entry - repair / upgrade	230,000	0	0	0	
12	Door Entry Renewal	0	200,000	100,000	100,000	
13	Sheltered Lifts	300,000	300,000	300,000	200,000	
14	Sheltered Door Entry	200,000	280,000	0	0	
15	Digital TV Aerials	700,000	350,000	0	0	Budget to be confirmed when prices received for 2010/11 prog.
16	Electric Heating	500,000	500,000	250,000	0	
17	Environmental Improvements	400,000	300,000	500,000	150,000	
18	Security Flat Blocks	200,000	200,000	200,000	0	
19	Water Tank Replacement	0	25,000	25,000	0	
20	Stock Condition Survey	80,000	80,000	0	0	
21	Sheltered Warden Call	200,000	120,000	0	0	
22	Work following Fire Risk Assessment	50,000	0	0	0	
23	Asbestos database - development	25,000	5,000	0	0	Housing setting up package alone
24	Structural Issues / drainage	450,000	50,000	50,000	50,000	Demand led
25	Loft Insulation	10,000	0	20,000	0	
26	Capitalised Responsive Works	150,000	150,000	150,000	150,000	
27	Garages	30,000	30,000	30,000	0	
28	Communal Asbestos Surveys	75,000	0	0	0	
29	Codeman Licence	20,000	20,000	20,000	20,000	To be paid from revenue in future years
Total Programmed Costs:		10,378,480	6,747,000	6,632,000	6,657,000	
Revised Budget:		9,681,480	6,160,000	6,160,000	6,160,000	
Over Programming:		697,000	587,000	472,000	497,000	