

**ROTHERHAM BOROUGH COUNCIL  
CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS**

<b>1.</b>	<b>Meeting</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
<b>2.</b>	<b>Date</b>	<b>15 July 2013</b>
<b>3.</b>	<b>Title</b>	<b>External Stock Condition Survey of HRA Dwellings.</b>
<b>4.</b>	<b>Directorate</b>	<b>Neighbourhoods and Adult Services</b>

## **5. Summary**

This report outlines the urgent need to commission a 10% external stock condition survey to:

- Inform the 2014/15 30 Year HRA Business Plan refresh and the subsequent budget.
- Provide meaningful data for input into the new Keystone Asset Management System
- Inform the development of the Housing Investment Strategy
- Aid planning of works packages and reduce risk around cost due to inadequate and inaccurate information.

The report considers options and costs for delivery of this work looking at appropriate timescales, capacity and skills required. The basis of the report has been developed with the NAS Finance Team and the Strategic Asset Management team.

## **6. Recommendations**

That Cabinet Member approve:

Requisite funding from the HRA reserve as identified by the finance team.

That due to the nature of the requirements and the timescales within which this data is required external resources is engaged for delivery.

## 7. Proposals and details

### Background

The Strategic Asset Management team within NAS are being requested by NAS Finance Team to provide information to support a refresh of the HRA 30 year Business Plan.

The implementation of Housing Revenue Account (HRA) Self-Financing, from April 2012 transferred all risks from the DCLG to the Council in respect of Council houses. Changes in inflation, local rent policy, interest rates and investment and debt management decisions, will impact on the financial viability of the Business Plan. Robust, proactive management of all aspects of the Plan will be essential throughout the 30 year period.

Self-Financing requires long-term planning and asset management. Major investment decisions will be made based upon the forecast resources available with the Business Plan. It is therefore imperative that the key data used to formulate the Plan is based upon sound knowledge, which is robustly challenged, monitored and updated on an on-going basis.

The Business Plan assumption for the 30 year investment requirements on current stock, to maintain them in line with the Decent Homes Standard, is currently informed from the APEX asset management system. Any inaccurate, incomplete, duplicate or missing property or survey data will have an impact on the viability of the Business Plan.

To satisfy the need to ensure that the business plan is based on sound up-to-date information the data needs to be revised in order to inform future investment requirements, and to ensure that adequate budgets are set for 2014/15. Following the first year of self-financing it is timely to undertake a full refresh to ensure that assumptions made are still relevant.

The Council's information is held on the Apex Asset Database; set up by the previous ALMO organisation 8 years ago and a number of issues have emerged:

- The system was only partially commissioned
- Previous stock condition surveys used to populate the database were not quality controlled and have been found lacking particularly in respect of external works surveys. Internal data is somewhat more robust due to the level of activity carried out and recorded during Decent Homes Works.
- The available core data was not fully transferred into Apex
- Investment made since the database set up has not been systematically fed back into Apex

As a result, the information held in Apex in respect of external stock condition is fundamentally flawed and cannot be relied upon to:

- inform the 30 year Business Plan which is due for refresh
- guarantee the quality of data being transferred to Keystone/Civica
- create a sound platform to develop an Asset Investment Strategy
- determine adequate resources to tackle repairs and maintenance e.g. of structural elements, that subsequently leads to the need for replacement at much higher cost

## Proposal

That an external Stock Condition Survey be commissioned from an independent RICS accredited organisation, to undertake inspection and assessment of the external dwelling elements for dwellings to determine:

- Outstanding repairs
- Future major works
- Improvements
- Contingent works\*

**\*Contingent repairs:** *These are items of expenditure which are difficult to predict and assess with accuracy in terms of timing or extent. Examples include dealing with non-traditional properties, structural movement and liabilities associated with future safety requirements.*

This would be a 10% external survey and would be carried out by archetype by estate. The provisional cost of the work has been estimated as follows:

20,936 properties within 65 estates = 323 properties/estate of which 10% = 32 surveys

1 surveyor can undertake 32 surveys per week

1 surveyor costs £1,500/week

65 survey weeks = £97,500 plus preliminaries and report

Internal fee charge for procurement – capped at £500 dependent upon call-off or tender

Access Fee for tender 2% of the commission maximum £2000

Estimated total in the range £100-£110k.

There is a requirement to undertake the survey quickly to allow sufficient time to refresh the Business Plan and create a new Asset Investment Strategy as well as inform the revenue and capital budget setting process which starts in Autumn/Winter.

### Options for delivery by RMBC staff.

This option has been considered and would be taken forward if it was practical. However there are a number of significant issues which impeded this course of action:

Capacity does not exist in either the NAS Strategic Asset Management Team (SAMT) to do this work in a timely manner due to current commitments in respect of developing programmes of work for the remainder of 2013/14 and to prepare for 2014/15 schemes. Both of these are current pressure points when looking at the work required post scheme development to ensure procurement and delivery can be actioned.

The NAS Strategic Asset Management Team has already commissioned from the Environment & Development Services Directorate significantly more work for delivery in 2013/14. This is currently taking up any resources that may have been diverted onto this surveying. If resources were diverted then this would put programme delivery at risk.

The level of appropriate resource required to undertake this work in the time frame required exceeds the available skills within the Council as a whole. Both the Business Plan and Integrated Housing Management System (IHMS) needs are time bound.

## Commissioning

The survey will be commissioned through the YORconsult framework, either through call-off or tender depending upon the lead-in time for tender.

Timeframe for delivery:

- Four weeks for competitive tender return
- One week returned tender/call-off evaluation
- Delivery depends on number of surveyors/week – the shorter timeframe may well attract a premium to deliver as number of surveyors increases (65 week @ 1 surveyor)
- Report turnaround at end of survey of two weeks
- Survey data received by RMBC and input into Apex/Keystone – four weeks
- Realistic completion late Autumn 2013

## 8. Finance

The balance on HRA reserve at 1 April 2013 was £15.129m. RMBC needs to maintain an adequate level of reserves to meet future investment needs and mitigate the risks of self-financing. However, the funding requested of up to £110k could be met from this reserve.

## 9. Risk

The risk in not undertaking an external survey is:

- That inaccurate data places financial risk on the Council in respect of the HRA business plan which could undermine the basis of future financial planning at a time when there are already several extraneous factors with Welfare Reform which may impact on our ability to fund future programmes.
- The ability of the SAMT to produce future work programmes to the degree of accuracy required will be impaired exposing the Council to risk around cost certainty.
- The data for the IHMS will be flawed and as such be of limited use.
- That inaccurate data will limit the ability of the SAMT to produce a meaningful Investment Strategy.
- That we will continue to fail in meeting our obligations under the R & M Contract to provide a 3 year plan – this carries cost risk

The risks inherent in electing to use existing internal resources are

- Timescales will be extended – the 2014/15 business plan can only be based on existing data and as such accuracy will be undermined.
- Non-accredited staff (Programme Surveyors) would have to be diverted from in-year surveying to satisfy 13/14/15 work programmes
- In the event that the stock condition survey results are flawed (as found previously) there will be an auditable and accountable organisation to rectify any matters arising

## **10. Background papers and consultation**

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## **11. Contact name**

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