

Thurrock: A place of opportunity, enterprise and excellence, where
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Housing Overview and Scrutiny Committee

The meeting will be held at **7.00 pm** on **7 January 2015** in **Committee Room 1, Civic Offices, New Road, Grays, Essex, RM17 6SL**

Membership:

Councillors Gerard Rice (Chair), Barry Johnson (Vice-Chair), Chris Baker, Clare Baldwin, Sue Gray and Susan Little

Gemma Riddles, Housing Tenant Representative

Substitutes:

Councillors Oliver Gerrish, Robert Gledhill, Roy Jones, Tom Kelly and Susan Shinnick

Agenda

Open to Public and Press

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1 Apologies for Absence	
2 Minutes	5 - 8
To approve as a correct record the minutes of the Housing Overview and Scrutiny Committee meeting held on 10 December 2014.	
3 Urgent Items	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972.	
4 Declaration of Interests	
Members are reminded that they should declare any interests as appropriate and in accordance with the adopted Code of Conduct.	

Members are also reminded to declare existence and nature of Political Party Whip, as set out in Chapter 4, Part 3, Paragraph 12 of the constitution.

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Queries regarding this Agenda or notification of apologies:

Please contact Jan Natynczyk, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **29 December 2014**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

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- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
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If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspirations and attainment so that local residents can take advantage of job opportunities in the local area
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Provide the infrastructure to promote and sustain growth and prosperity
- Support local businesses and develop the skilled workforce they will require
- Work with communities to regenerate Thurrock’s physical environment

3. Build pride, responsibility and respect to create safer communities

- Create safer welcoming communities who value diversity and respect cultural heritage
- Involve communities in shaping where they live and their quality of life
- Reduce crime, anti-social behaviour and safeguard the vulnerable

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being
- Empower communities to take responsibility for their own health and wellbeing

5. Protect and promote our clean and green environment

- Enhance access to Thurrock’s river frontage, cultural assets and leisure opportunities
- Promote Thurrock’s natural environment and biodiversity
- Ensure Thurrock’s streets and parks and open spaces are clean and well maintained

Minutes of the Meeting of the Housing Overview and Scrutiny Committee held on 10 December 2014 at 7.00 pm

Present: Councillors Gerard Rice (Chair), Barry Johnson (Vice-Chair), Chris Baker, Oliver Gerrish (substitute for Sue Gray) and Tom Kelly (substitute for Susan Little)

Apologies: Councillors Sue Gray and Susan Little

In attendance: Barbara Brownlee, Director of Housing - Thurrock Council
Dermot Moloney, Business Improvement Manager
Stephanie Cox, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

7. Minutes

The Minutes of Housing Overview and Scrutiny Committee, held on 16 July 2014, were approved as a correct record.

8. Urgent Items

There were no urgent items of business.

9. Declaration of Interests

No interests were declared.

10. Housing Allocations Scheme - First Year Review

The Director of Housing briefly introduced the report which outlined the results of the review of the Housing Allocations Policy that had been undertaken. The Allocations Policy was now a year old having been introduced in May 2013 after extensive consultation.

The Director of Housing outlined that a review of the scheme had showed that overall the scheme was working well. The Director further added that a number of small changes had been identified and recommended for approval, and that these had been documented in appendix 2.

Democratic Services advised the Committee that the Housing Overview and Scrutiny Committee did not have the decision making authority to approve recommendations for implementation, rather the Committee were asked to refer the resolutions as detailed below for consideration by Cabinet as the appropriate decision making body. As a result the Chair reworded the

recommendations so that it was clear that Members were only recommending for approval the recommendations as printed in the agenda.

A Member asked for clarification regarding the Working Households provision and requested that Members for all political groups be consulted on the proposals. It was explained that members had been consulted extensively on this when introduced last year and the Department was happy to continue with briefings. The policy stated that 15% of properties would be allocated to let for applicants where a member of the household was working. However it was further reported that as this was difficult to achieve in practice, although 15% was still the target, wording be amended to state 'up to 15%' instead to allow an element of discretion. The Committee agreed to this amendment.

A brief discussion took place on the family connection criteria, during which the Director of Housing confirmed that qualifying applicants must have a family member who lived in the Borough for at least 5 years but there was no set criteria that stated that the applicant had to reside in the UK.

Members requested that the introduction of this additional criterion be examined and the Director of Housing agreed to examine to see whether this would be possible although she advised she thought this very unlikely as it is it may well be unlawful to differentiate in this way between family members.

The Committee were advised that in circumstances where homeowners were able to meet their own housing needs by selling their property they would be expected to do so, however if the applicant was divorced and were unable to sell their property due to dependent children living at the property they may not be required to do so providing they are within the financial qualification criteria thresholds outlined in the allocations policy. Members were also advised that if enough capital could not be raised through the sale of the property then the applicant could also qualify for the housing waiting list as long as all qualification criteria were met.

RESOLVED:

- 1. That members recommend for approval changes to the Housing Allocations Scheme identified in Appendix 2 and the subsequent amendments made to the Allocations Scheme document in Appendix 3.**
- 2. That Members recommend for approval the downsizing policy and incentive scheme (Appendix 4).**
- 3. That Members recommend for approval the policy document regarding the discharge of the homeless duty into the private sector (Appendix 5).**

11. Work Programme

The Director of Housing advised Members that a budget update report will be brought back to the Committee in January 2015 for review.

RESOLVED: That the work programme be noted.

The meeting finished at 7.10 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

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7 January 2015	ITEM: 5
Housing Overview and Scrutiny Committee	
Housing Revenue Account Base Estimates 2015/16	
Wards and communities affected: All	Key Decision: Key
Report of: Councillor L Worrall, Portfolio Holder for Housing	
Accountable Head of Service: Sean Clark, Head of Corporate Finance	
Accountable Director: Graham Farrant, Chief Executive	
This report is public	

Executive Summary

The report sets out the provisional assumptions regarding the 2015/16 base estimates.

1. Recommendation(s)

- 1.1 That it be noted the Housing Revenue Account (HRA) is estimated to generate a net surplus of £0.617m from operational and financing for the 2014/15 financial year.**
- 1.2 That the projected movement on the HRA reserves (Para 3.2 Table 3) be noted.**
- 1.3 That the provisional base estimates for 2015/16 for inclusion in the overall rent setting strategy for the HRA be noted.**

2. Introduction and Background

- 2.1 The report sets out the base estimates for the Housing Revenue Account (HRA) for 2015/16. The key changes are discussed in the report.
- 2.2 The report identifies changes within the base estimates between 2014/15 and 2015/16. Increases to the budget will need to be funded through savings or an increase to current rent levels. This will be addressed in detail in the rent setting report that is due to be presented to Cabinet on 11 February 2015, and that report will detail the final budget requirement and funding options for the next financial year.

- 2.3 The Housing Revenue Account base estimates have been compiled in accordance with the 30-year business plan. This takes into account the long term strategy for the financial viability of the service.

Background:

What are the Base Estimates?

- 2.4 The base estimates represent the cost to the Council of continuing to operate the existing level of service. Any options effecting the level of service will be included within the Housing Rents report to be considered by Cabinet in February 2015.

The major areas of income are:

- Rents and Service Charges - Paid by tenants; and
- Other Income - Income from residential and commercial leaseholder service charges and other miscellaneous sources.

- 2.5 The major items of expenditure on the HRA are:

- Capital Financing - this sum is used to finance the cost of major works as part of the HRA capital programme. This is calculated in accordance with 5 year HRA Capital programme.
- Repairs and Maintenance - responsive repairs, planned maintenance and adaptations;
- Salaries - the cost of employing staff; and
- Funding of further housing development and regeneration. This includes schemes to build 90 new properties which are on site this financial year

3. Issues, Options and Analysis of Options

3.1 Forecast Out-turn 2014/15

- 3.1.1 Before considering the draft budget position in 2015/16, it is necessary to review the position in 2014/15. This will give an indication of the anticipated level of the HRA balance carried forward into 2015/16. This is detailed in the tables below:

Table 1 – Service areas

Service Area	Revised Budget	Forecast Pressures	Forecast Underspends	Total Variance
	£000's	£000's	£000's	£000's
Rent and Income	(49,046)	630	(391)	239
Financing	24,179	0	(550)	(550)
Repair and Maintenance	11,600	80	0	80
Supervision and Management	10,431	41	(339)	(298)
Development & Regeneration	2,603	0	0	0
Transformation	233	0	(88)	(88)
Grand Total	0	751	(1,368)	(617)

Table 2 – Budget Variance

<u>Budget Variances</u>	Forecast Pressures	Forecast Underspend	Total Variance
	£000s	£000s	£000s
-			
Dwelling rent and water rates	320	(47)	273
Voids loss on Dwellings		(240)	(240)
Voids loss on Garages	303		303
Non dwelling rent income	7	(104)	(97)
Responsive housing maintenance	80	0	80
Prudential borrowing interest		(550)	(550)
Landlord service management	0	(39)	(39)
Business management and IT	0	(143)	(143)
Grounds maintenance	0	(23)	(23)
Rent Collection	0	(54)	(54)
Sheltered Housing	0	(80)	(80)
Housing operations	41	0	41
Transformation savings	0	(88)	(88)
Total	751	(1,368)	(617)

Table 3 – New build schemes

Scheme	Forecast Scheme Cost	Actual Expenditure 2013/14	Estimated Expenditure 2014/15
	£000s	£000s	£000s
Seabrooke Rise	11,850	25	2,376
Bracelet Close	4,000	7	28
Derry Avenue	7,000	0	816
Empty Homes Renovation	2,116	0	162
Calcuatta Road	6,000		
Grand Total	30,966	32	3,382

3.1.2 Table 3 shows the forecast and actual spend in relation to the Council's new build schemes. Whilst this is classified as Capital expenditure, the HRA part of the funding for such projects can be financed through direct revenue funding. Therefore, the balances within the Development reserve are intrinsically linked to the operating revenue position. In addition, the prudential borrowing costs for financing part of the new build schemes are classified as revenue expenditure, and have a projected savings in 2014/15 of £0.550m. This has arisen as a result of being able to utilise alternative sources of financing first to match expenditure incurred, without having to incur additional borrowing. This is included as part of the £0.617m revenue surplus and is earmarked for future development.

3.2 The Forecast outturn position has the following effect on the level of reserves within the Housing Revenue Account:

Table 4

Estimated Retained surplus at the end of 2014/15

	£m	£m
<i>Projected net operational overspends</i>	0.751	
<i>Projected net underspends</i>	(1.368)	
Net Operating Surplus		(0.617)
Contribution to development reserve		(1.815)
Retained Earnings		(2.432)

Forecast level of financial reserves held within the HRA 31/3/15

Unallocated Balance	£m
Balance as at 1 April 2014	(2.654)
Use of balances	0
Projected Balance as at 31 March 2015	(2.654)

Major Repairs Reserve	£m
Balance as at 1 April 2014	(2.293)
Use of balances - Transforming homes	2.293
Projected Balance as at 31 March 2015	0.000

Capital Receipts / New Build	£m
Balance as at 1 April 2014	(5.569)
Right to buy receipts retained	(1.500)
Expenditure relating to new build schemes	3.382
Projected Balance as at 31 March 2015	(3.687)

Development Reserve	£m
Balance as at 1 April 2014	0
Budgeted contribution	(1.815)
Net Operating Surplus	(0.617)
Use of balances - Transforming homes	1.000
Projected Balance as at 31 March 2015	(1.432)

Preparation of 2015/16 Base Budgets

- 3.4 A summary of the inflationary increases between the 2014/15 and 2015/16 budget estimate is shown in Table 5 below.

Table 5

	Budget Changes £'000
Budget pressures / inflation:	
Garage rent adjustment	200
Salaries and pay award	114
Inflation on repairs contract @ 2%	118
Inflation on housing SLA	20
Inflation on utilities and fuel	70
Insurance premiums	20
	542
Budget savings:	
Sheltered housing review	(258)
Further staffing efficiencies	(96)
	(354)
Additional budget requirement in 2015/16	188
Indicative Rent increase	(981)
Additional planned maintenance projects	793
Total HRA Net 2015/16 Budget	0

The main reasons for the changes between the budget in 2014/15 and 2016/17 variances are as follows:

- 3.5 **Garage rent adjustment: £0.200m:** There is a two year review currently taking place to bring garages back into use and start to realise the revenue potential of this stock. However, whilst this work is being undertaken, it is felt prudent to re-align the current income projections. It is predicted that following the review, additional revenue will be generated, and can be reinvested back into the HRA.
- 3.6 **Salaries and pay awards: £0.114.** As part of the terms and conditions of employment, incremental increases as well as a provision for a pay award (1%) have been included within the estimates for 2015/16.
- 3.7 **Inflation on Contracts: £0.118m.** This figure has been set as an estimate on inflation that will be applied on the responsive repairs contract with Mears.
- 3.8 **Additional planned maintenance projects - £0.793m:** As part of the Council's commitment to the continuous improvement of the existing stock, the additional funding generated from standard rent increase is proposed to

be invested into additional planned maintenance. This will increase the overall planned works programme to £4.429m. The main focus of the additional funding will be to address works required in relation to damp and mould and external cladding. This spend will lever additional funding from the Energy Company Obligations scheme which is being used to fund this energy saving work.

Rent Levels

- 3.9 The Council has previously followed the government's guidance on rent restructuring introduced in 2004. The government announced a significant change to this guidance for this year and the formula that is used to calculate the base level of rent increase, namely by using the September 2014 CPI figure (1.2%) as opposed to the RPI figure, and removing the standard £2 per week additional increase. Under the former arrangement, the average rent increase would have been around 5.1%. This is made up from 2.8% being the Sep 2014 RPI + 0.5% + 2.3% equivalent to £2 per week on the 2014/15 average weekly rent
- 3.10 In 2014/15 Tenants agreed to a higher rent increase (RPI+£5) meaning the vast majority of properties achieved target rent in this financial year. This increase allowed the department to continue with the major investment programme across the stock and was accepted on the understanding that for 2015/16 the Council will use its discretion to raise rent by the absolute minimum, that equates to 2.2%. Consultation on this minimum rise will take place in December/January before the proposal is presented to Cabinet in February. If agreed, this will mean the average weekly rent for a property in Thurrock will be £87.38, rising from £85.50
- 3.11 For comparison purposes only, the previous rent setting arrangement would have set an average rent of circa £89.86.

4. Reasons for Recommendation

- 4.1 The report sets out the known implications for the HRA budget in 2015/16. Therefore, the recommendations are to note these considerations which will be finalised at the February Cabinet meeting.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 This report will be considered by the Overview and Scrutiny Committee in advance of the February Cabinet meeting.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The Council's MTFs recommends that the Council maintains a working balance equivalent to £2.500m.

- 6.2 The management and operation of the HRA strives to supports vulnerable people. The 30-year business plan sets out to ensure there is value for money within the Housing service

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

Financial implications are included within the paragraphs above.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal

This report has been produced pursuant to Part 2 of the Local Government Act 2003. The Act contains a series of duties and powers that give statutory support to important aspects of good financial practice in local government, but leaves the outcome of those processes to the judgement of local authorities.

The Council has a legal requirement to review the Housing Revenue Account and ensure that it does not go into deficit. In addition, determinations made under the Local Government and Housing Act 1989 prescribed what can be charged to the HRA and the calculation of those charge.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

The base budget for reflects the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This includes adaptations to the stock for disabled or handicapped tenants

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

N/A

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- N/A

9. Appendices to the report

- None

Report Author:

Mike Jones

Management Accountant

Corporate Finance

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7 January 2015	ITEM: 6
Housing Overview and Scrutiny Committee	
Responsive Repairs and Maintenance Policy	
Report of: Kathryn Adedeji, Head of Housing Investment and Development	
Wards and communities affected: All	Key Decision: Key
Accountable Head of Service: Kathryn Adedeji, Head of Housing – Investment and Development	
Accountable Director: Barbara Brownlee, Director of Housing	
Purpose of Report: To seek approval for a revised policy framework for Thurrock Council’s Housing Repairs	

Executive Summary

This report considers a number of proposals for the revision to Thurrock Council’s Housing Repairs Policy. These proposals have been developed from the outcomes of a consultation process with residents, a benchmarking exercise of comparable local authorities, and analysis of historical repairs demand.

The proposals are derived from four principles

- The provision of an enhanced and differentiated offer for repairs & maintenance service vulnerable residents both in terms of scope of prioritisation of delivery;
- The Council as a statutory landlord retaining responsibility for all repairs necessary to maintain the fabric of homes and to support the health and wellbeing of residents.
- Reframing shared responsibility between tenants and the Council as a Landlord; and
- Ensuring the scope and delivery of responsive repairs and maintenance service is as efficient as possible

1 Recommendations

- 1.1 That the introduction of an enhanced service provision for vulnerable residents as outlined in Appendix A be noted.**
- 1.2 That a reframing of shared responsibility for maintenance of internal property elements post-Transforming Homes, and for other elements specified, be noted.**

- 1.3 That the shift of non-urgent repairs as specified in Appendix A from responsive to planned programme thus increasing the council ability to deliver an efficient responsive service, be noted.**

2 Introduction and Background

Introduction

- 2.1 The provision of a repairs & maintenance service takes as its basis from right to repair legislation which sets out landlord responsibilities. Thurrock Council have always provided, and will maintain with a revised policy framework, a service that goes significantly above and beyond these minimum requirements, offering residents a significant degree of additional provision.
- 2.2 The report follows a period of consultation with stakeholders, and analysis of historical repairs provision and demand, in order to develop an improved policy that contributes to:
- 2.3 The development of a strategic approach which strengthens the Council's relationship with its residents – both in terms of a principle of improving provision for those most in need, as well as better defining the shared responsibilities for maintenance of residents properties.
- 2.4 The revised policy will help facilitate the delivery of a high quality, appropriate and efficient repairs & maintenance service in the context of the finite resources available through Housing Revenue Account. Within this finite resource, consideration has to be made of the prioritisation of repairs beyond the minimum requirements – including how these are delivered and to what residents.

Repairs Demand

- 2.5 The Council Housing Repairs & Maintenance service data shows demand which is significantly higher than the national average with annual repairs demand at 3.7 repairs per property of compared to a national average of 2.5. This equates to a total repairs demand of c38, 000 repairs for a stock of c10, 197 properties.
- 2.6 Analysis of repairs demand shows significant disparity across tenants, demonstrating that there are particular resident groups (e.g. those with 5+ repairs per annum, as in the below table) that are particularly heavy users of the service. This likely results from either or both of two factors:
- Particular issues with the property, which may include more extensive repairs – to be addressed through a combination of capital works & batched repairs programmes;
 - An approach by the resident which may need to be addressed through emphasising shared responsibility for property maintenance.

Repairs per annum	No Properties
2 or less	5450
3-4 repairs	2072
5 or more	2793
Total	10315

- 2.7 In order to understand the variation in demand between Thurrock and the national average, benchmarking and data analysis exercise has been undertaken. At present the council undertakes on behalf of its tenants very low level repairs that do not require particular skill or expertise to undertake them examples of these are changing of light bulbs, replacing washers in taps, unblocking sinks.
- 2.8 This policy seeks to address these and transfer responsibility for repairs of this nature to non-vulnerable households, once the first factor of property condition has been addressed through the Council's Transforming Home's programme.
- 2.9 The recommendations in this report will support further improvements and efficiencies the Council is seeking to deliver in partnership with its new repairs and maintenance service provider. A key focus of this service will be to continue to do a broad spectrum of repairs and maintenance but with a focus on efficient delivery, with particular reference to shifting provision to planned programme provision where appropriate.
- 2.10 The new repairs service will require an approach to identifying and delivering such batched repairs programmes. Mears demonstrated valuable insight and experience in the refocusing of provision through data analysis and programme development.
- 2.11 Proposals included here as underlying a revised Repairs Policy complement and are coherent with this service provision approach. Establishing coherent principals at the policy level is essential to developing a wider strategy and approach that is recognised by all stakeholders.
- 2.12 Two factors therefore frame this review:
- 2.1.1 Ensuring the Council as a Landlord is able to deliver on the desire of residents for a differentiated and improved service provision for vulnerable residents;
- 2.1.2 The provision of an effective and efficient repairs service.
- 2.13 The Council is delivering a range of programmes which will in the next few years address the disparity in performance against national average. Notably this includes the significant Transforming Homes capital programme being undertaken, which seeks to address the material condition of properties – investing to bring properties to a standard which, through appropriate repairs

and maintenance, can be maintained to the Thurrock standard while achieving performance comparable to national average.

- 2.14 The policy revisions proposed extend to scope of the repairs policy, tenant responsibilities and the mode of delivery. What is not included is any further consideration of detailed prioritisation within each proposed delivery mode. I.e. the detailed prioritisation of which of the responsive repairs category (emergency, urgent and routine categories).
- 2.15 This provides for flexibility of service, within the principles agreed. It is however important to note one key change to be introduced to prioritisation within responsive repairs as a result of improved service provision, this will see the increased in prioritisation of repairs for general needs residents where total loss of heating and hot water occurs during the winter months.

Consultation

- 2.16 In developing the proposed revised repairs and maintenance, extensive consultation was undertaken. A series of consultation events took place in the early period of 2014. This included a range of methodologies, derived from the Council's engagement toolkit, to ensure the widest scope of engagement.
- 2.17 Additionally, as a means of providing further context to the provision of repairs and maintenance services by the Council, a benchmarking exercise was also undertaken. This involved the review of repairs policies of comparative local authorities, and the repairs services and offers made to residents.
- 2.18 Section 5 below, and Appendix B, provides an overview of this consultation, which included a number of approaches:
- Repairs survey, mail and online;
 - Phone surveys with a sample group of residents;
 - Public meetings, as well as specific meeting for residents of sheltered housing;
 - Repairs surgery events.
- 2.19 Analysing these data sources together, an approach has been developed which identifies a number of options for improvements to the Repairs Policy. This approach provides evidence-driven improvements, ensuring that provision to general needs residents is in line with equivalent local authorities, whilst offering vulnerable residents improved services. This approach also provides the opportunity for the Council to revise provision to general needs residents to ensure that the Council can bring service demand closer to the national average.

3 Issues, Options and Analysis of Options

3.13 In developing this repairs policy, outcomes of consultation, benchmarking and data analysis was evaluated.

3.14 In the course of collating the feedback provided by residents and other stakeholders, the following issues have provided a framework for evaluation:

- Differentiated service provision for vulnerable residents;
- Maintaining the fabric of the property – tenant responsibility for repairs, and repairs following Transforming Homes capital works;
- Efficiency of service provision – higher than national average repairs demand & costs and batched repairs services.

3.15 The proposals across these areas result in the following responsibilities and mode of delivery – either clarification or amendments from previous policy.

	Previous Responsibility	Proposed Responsibility	Nature of Proposal
Minor plasterwork repairs to walls & ceiling	Council (responsive)	Council (batched)	Responsive to Planned
Fencing - boundary/perimeter	Council (responsive)	Council (batched)	Responsive to Planned at let or first install thereafter responsibility of Tenant
Gates - boundary	Council (responsive)	Council (batched)	Responsive to Planned
Smoke alarm batteries	Council (responsive)	Council (batched)	Responsive to Planned
Bath Panels	Council	Tenant (Post-Transforming Homes)	Council will no longer undertake bath replacement responsively where required to be done by Transforming homes thereafter transfer of responsibility to general needs tenant.
Kitchen cupboards and drawers, catches/handles, worktops	Council	Tenant (Post-Transforming Homes)	Council will no longer undertake as responsive repair will retain responsibility for programmed replacements
Fencing - dividing	Council	Tenant	Council will no longer undertake transfer of responsibility to general needs tenants
Glazing - 1 repair per annum	Council	Tenant	Council will no longer undertake responsively part of Transforming Homes programme
Internal cills / window timber	Council	Tenant	Council will no longer undertake responsively part of Transforming Homes programme
Shelves - general	Council	Tenant	Council will no longer undertake transfer responsibility to tenant

- 3.16 Detailed breakdown of the feedback can be found in Appendix B, the following provides an overview of options analysis across these three areas:

Enhanced service for vulnerable residents

- 3.17 The Council has options in the provision of a repairs service to vulnerable residents:
- Maintaining standard services across all residents; or,
 - Provide a differentiated repairs service with additional provision for vulnerable residents.
- 3.18 For the purposes of the provision of a differentiated service for vulnerable residents, Thurrock Council defines vulnerable residents as: "an adult (a person aged 18 years or more) who is or may be in need of community care services by reason of mental or other disability, age, or illness and who is or may be unable to protect him or herself against significant harm or exploitation".
- 3.19 Consultation with stakeholders included the subject of service provision to vulnerable residents, and specifically the views of consulted stakeholders on the provision of a differentiated service for these residents:
- 79% of survey respondents agree with the principle of the Council providing additional support in repairs service provision to vulnerable residents
 - 84% agree that the specified repairs should be provided to vulnerable residents
- 3.20 Other consultation exercises also support the principle of differentiated service provision, as noted in Appendices A and B.
- 3.21 The specifics of the differentiated service to be offered to vulnerable residents can be set out in two categories:
- New provision for a wider scope of vulnerable residents;
 - Reframed provision for general needs residents.
- 3.22 The latter is considered fully in the following sections, with vulnerable residents receiving responsive repairs provision where general needs residents will receive batched programmes or will become responsible for carrying out the repair.

- 3.23 The former includes an additional proposal with regard to vulnerable residents: that vulnerable residents outside sheltered housing complexes will also benefit from the 'handy man' service. This proposal offers potentially significant positive impacts on the lives of vulnerable residents, offering support for tasks such as fitting shelving, additional sockets, repairs to fencing etc.
- 3.24 This offer to vulnerable residents is provided as a counterpart to the proposed principle of shared responsibility for general needs residents.

Maintaining the fabric of the property

- 3.25 Through Transforming Homes, properties will be refurbished externally and internally, with residents benefitting from a range of internal improvements including new kitchens and bathrooms, and rewiring and boilers where required. It is expected that following refurbishment of these elements, the associated repairs demand will reduce considerably.
- 3.26 The Transforming Homes programme has been developed with a number of key aims:
- To go above and beyond the national standard for Decent Homes
 - As an MOT of existing housing stock
 - To develop a targeted coherent programme over a 5 year period to bring all homes to a high standard.
 - Reduce the need for residents to have responsive repairs
 - Increase the quality of voids and how quickly properties are available for re-letting
 - Complete aids and adaptations works to homes as required
 - Improve the thermal Efficiency of your homes
 - Address Damp and associated Mould
 - Future proofing existing housing stock
- 3.27 Transforming Homes therefore improves substantially the standard of accommodation for residents, exceeding the Government standard of decency, and in the context of the requirement to review repairs demand provides options for the Council to reframe responsibility for maintaining improvements made:
- Maintain current provision for all properties including those where refurbishments have been made; or,
 - Reframe provision, developing a culture of shared responsibility for tenants whose homes have benefited from refurbishments.
- 3.28 Within this principle of shared responsibility, homes which have been refurbished would not ordinarily receive further responsive repairs to refurbished elements except where

- The Council has a statutory obligation; or,
- The resident is defined as vulnerable (assuming outcomes of 1.2 above).

- 3.29 Where consultation with stakeholders included the discussion of the principle of shared responsibility, as Appendices A and B note, there was a general agreement on the principle of tenant responsibility for maintenance where appropriate.
- 3.30 Regarding specific repairs which become the responsibility of the resident following Transforming Homes works, Appendices A and B note specific property elements which have been considered in the course of consultation and benchmarking.
- 3.31 Evidence suggests that while survey respondents consider these a mid-level repair preference, when asked specifically about responsibility post-Transforming Homes they consider it to be a matter of tenant responsibility for maintenance. Also, of those local authorities benchmarked, where the repair is specifically described, it is stated to be tenant responsibility.
- 3.32 In addition to the principle of shared responsibility following from Transforming Homes improvements, there are further areas of repairs provision included in consultation, benchmarking and data analysis which substantiate this principle. Included here are a range of minor repairs which were either previously undertaken by the Council or where responsibility should be clarified. As Appendix A notes, there is a range of evidence across consultation and benchmarking which suggests there is a basis for the transfer of responsibility for these specific repairs.
- 3.33 The following provides an overview of the potential benefit, in terms of repairs per property, of the inclusion of the option noted here in a revised Repairs Policy. The reduction in demand relates to general needs tenants, with the continued demand from vulnerable residents taken into account, other assumptions are detailed in Appendix A:

	Number of Repairs (Aug-13-July-14)	Potential Reduction in Repairs Outturn*	Potential Repairs per property Reduction
Post-Transforming Homes Repairs	837	736	1.70%
Bath Panels	205	180	0.41%
Kitchen cupboards and drawers, catches/handles, worktops	632	556	1.28%
Tenant responsibility	1666	1466	3.38%
Fencing - dividing	861	757	1.75%
Glazing - 1 repair per annum	466	410	0.95%
Internal cills / window timber	141	124	0.29%
Shelves - general	54	48	0.11%
Skirting boards & picture rails	144	127	0.29%

Grand Total	3126	2202	5.07%
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Efficiency of service provision

3.34 Currently batched repairs are undertaken where “a repair cannot be done and a whole replacement is needed” (‘Urgent, non-urgent & batched repairs’ webpage). This policy was in place prior to the development of the Transforming Homes programme. Under the new policy it is proposed that smaller planned programmes are developed on repairs are low priority such as minor plasterwork repairs, and where greatest cost savings can be realised by shifting from individual to batched provision.

3.35 With regard to the proposed repairs to be included in batched programmes, as Appendices A and B note, there is a basis for the general principle of batched programmes, as well as evidence that comparable authorities often frame these repairs as either batched repairs or tenant responsibility.

3.36 The following provides an overview of the potential benefit, in terms of repairs per property, of the inclusion of the batched repair programme option in a revised Repairs Policy. This should be understood as a positive impact on responsive repairs provision, although provision would be required elsewhere through batched repairs programmes. Data shows outturn assuming vulnerable residents continue to receive repairs as a responsive service, other assumptions are detailed in Appendix A:

	Number of Repairs (Aug-13-July-14)	Potential Reduction in Repairs Outturn	Potential Repairs per property Reduction
Batch Repairs	2054	1808	4.17%
Minor plasterwork repairs to walls & ceiling	156	137	0.32%
Fencing - boundary/perimeter	623	548	1.26%
Gates - boundary	1035	911	2.10%
Smoke alarm batteries	240	211	0.49%
Grand Total	2054	1808	4.17%

4 Reasons for Recommendation

4.13 The proposals have been substantiated by reference to a range of data sources including consultation, benchmarking and repairs data analysis. The proposals contribute to a Repairs Policy which provides:

- An improved service provision for vulnerable residents;
- A reframing of shared responsibility for tenants maintenance of internal elements of properties;
- Improved efficiency of service provision through reprioritisation and batch programmes.

4.14 Across these three areas, the proposed revisions to the Repairs Policy contribute to the wider aim to develop a repairs and maintenance service which is better aligned with national averages in performance with regard to repairs cost and volumes per property. Taking the proposals together, analysis of potential Repairs per Property implications for the service going forward can be projected as demonstrated below (with consideration of above notes and assumptions):

	Number of Repairs (Aug-13-July-14)	Potential Reduction in Repairs Outturn	Potential Repairs per property Reduction
Batch Repairs Programmes	2054*	1808*	4.17%*
Post-Transforming Homes Repairs	837	736	1.70%
Tenant responsibility	2289	1466	3.38%
Grand Total	5180	4010	9.24%

4.15 In assessing the potential cost impact of these projected reductions in repairs demand, methodology is limited due to the required negotiation of reduced per annum RPP cost. Using an assumed cost impact equivalent to the percentage impact on RPP, the following outlines a projection for future reduction in price per property responsive repairs & maintenance.

	Assumed Saving Per Annum
Per Annum Price per Property Contract	£239,833

4.16 Additional savings would be realised through efficiencies associated with batch service provision of the remaining 4.17% reduction in responsive repairs provision.

4.17 In implementing a revised policy which includes these proposals, the Council will further the key objectives to deliver a cost efficient and value for money repairs and maintenance service which reduces the revenue spend per home. This contributes to the establishment of a more sustainable repairs and maintenance service provision, and one which is focused on the most appropriate and efficient mode of delivery.

4.18 Including these proposals in a revised Repairs Policy provides an opportunity for the Council to shape, and more clearly define the separate responsibilities which exist for the Council and residents. In taking forward these proposals, the Council strengthens its relationship with its residents – both in terms of a principle of improving provision for those most in need through the offer of additional provision for vulnerable residents, and also in terms of better defining the shared responsibilities for maintenance of residents properties for those who are able to undertake minor repairs in their homes.

4.19 While realising these benefits of the proposals, the exposure to risk remains minimal. As has been demonstrated through benchmarking, proposals only

bring policy more in line with comparative local authorities, while consultation outcomes demonstrate a general agreement on the part of stakeholders with proposed revisions.

- 4.20 Taking forward these benefits of the proposed revision to the Repairs Policy, provide a further counterpart measure through which the Council can improve the housing stock, and improve repairs provision performance. The Council has a substantial capital works investment through the Transforming Homes programme, and is currently mobilising a new Repairs & Maintenance contract. Through the introduction of these measures establishes a process through which Thurrock Council housing stock is refurbished and maintained to an improved standard while bringing repairs performance closer to the national average. Proposals included in this report are consistent and coherent with the new Repairs & Maintenance contract in the improved emphasis on efficiencies in service provision through planned works, moving away from costs associated with responsive provision.

5 Consultation (including Overview and Scrutiny, if applicable)

- 5.13 In order to develop proposals for the revision of Repairs Policy, a number of consultation methods have been used in order to understand resident & stakeholder experience of and aspirations for the service. Consultation for proposed revisions to the Repairs Policy has been informed by the Council's 'Community Engagement Toolkit'.
- 5.14 Appendix A provides detailed procedures and outcomes of the consultation exercise, with results substantiating proposals as described in section 3 above.

Consultation

- 5.15 A range of consultation methods have been used in the process of developing proposed revisions of the Repairs Policy. Across these methods the common subjects for consideration are the three key themes:
- A revised approach to the framing shared responsibility for repairs;
 - The mode of delivery of routine repairs;
 - The potential for an enhanced offer to vulnerable residents.
- 5.16 Within these themes, specific elements of service delivery were considered in each consultation process. The following provides an overview of the consultation feedback.

Members Briefing

- 5.17 Members were invited to a briefing session in January regarding the development of improvements to the Repairs Policy. Feedback provided by the Members was positive to proposed changes with respect to the above issues, while emphasising the need to coordinate this with a continued focus

on the wellbeing of the resident and ensuring the maintenance of the fabric of the property.

Residents Consultation

- 5.18 Residents were invited, through publication in the local press, to a consultation session in January. Feedback provided at the session focused on the following:
- Support of the general principle of varied service for residents based on need;
 - Change in shared responsibility following Transforming Homes works to the property;
 - Support for the principle of residents having shared responsibility for the maintenance of the property.

Sheltered Housing Consultation

- 5.19 A consultation session was undertaken at one of the largest complexes, Frederick Andrews Court. Feedback from residents focused on the following:
- Continued and expanded provision of repairs such as smoke alarms and fencing, repairs which vulnerable or elderly residents may not be able to undertake independently, considered as provided through a 'handy man' service;
 - Change in shared responsibility following Transforming Homes works to the property.

Repairs Survey

- 5.20 Repairs surveys were delivered to 10,000 Council tenants in January and February, with 1500 responses received. The following provides a summary of responses received:
- Significant support for additional support for vulnerable residents;
 - Some residents were not as supportive of the proposal to decrease the level of repair priorities for those who did not meet the vulnerable person criteria.
 - Higher stated preference for continued provision of smoke alarm batteries, loose floor tiles, additional electrical sockets;
 - Lower preference for shelving, skirting board repairs and garden gates.

Benchmarking

- 5.21 The repairs policies of five local and comparable authorities were examined as part of a benchmarking exercise to identify where there were significant differences in approach. The benchmarking exercise identified that the type and nature of repairs delivered through the Council's current repairs policy exceeds that of four out of five authorities.

5.22 The results of the benchmarking supports the view that the Council should seek to create an alignment with the repairs policies of other comparable authorities and reposition its own policy to assert that tenants who are able, should undertake minor repairs around their home.

6. Impact on corporate policies, priorities, performance and community impact

6.1 Not applicable.

7. Implications

7.1 Financial

Implications verified by: **Michael Jones**
Management Accountant

Financial implications of the proposed revisions to the Repairs Policy are contained in this report.

7.2 Legal

Implications verified by: **Assaf Chaudry**
Major Project Lawyer

The proposed revisions have been framed around the extended services provided by Thurrock Council therefore has no impact on the statutory requirements of the Council.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The proposals contained in this report seek to extend Thurrock Council's offer to residents considered to have a vulnerability, thereby enhancing the Council's framework for delivery with regard to diversity and equality.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

9. Appendices to the report

- Appendix A: Repairs Policy Revisions
- Appendix B: Consultation Summary

Report Author:

Kathryn Adedeji

Head of Housing – Investment and Development and Commercial Services

Appendix A: Repairs Policy Revisions: Substantiation & Impact Analysis

Current Commitments			Proposed Revisions					Repairs Data Analysis					
Category	Element	Repair	Type of Proposed Revision	Detailed Revisions	Substantiation Data Sources & Details				Impact on Repairs Per Property				
					Survey Evidence	Benchmark Evidence (benchmarked Council policies with explicit reference to responsibility)	Consultation (change supported in consultation)			Other Evidence	Data Principle / Assumptions (vulnerable % assumed to be 12% - derived from sheltered housing population)	Number of Repairs (Aug-13-July-14)	Potential Reduction in Repairs Outturn*
						Public Meeting	Members Consultation	Sheltered Housing Meeting					
Urgent	Smoke Alarm	defective smoke alarm	Vulnerable residents variation	Smoke alarm batteries	84% agree	Y		Y	N/A	N/A	N/A	N/A	
Routine	Carpentry	carpentry repairs	Vulnerable residents variation	Kitchen unit doors - repair	84% agree				N/A	N/A	N/A	N/A	
			Vulnerable residents variation	Skirting boards	84% agree				N/A	N/A	N/A	N/A	
			Vulnerable residents variation	Shelving	84% agree	Y				N/A	N/A	N/A	N/A
			Tenant responsibility	Internal cills / window timber [CHECK - is this undertaken		1 no. tenant responsibility			Website Our Responsibility	Impact is total keyword multiplied % population non-vulnerable	141	124	0.29%
			Tenant responsibility	Skirting boards & picture rails	Ranked 8/8	2 no. tenant responsibility				Impact is total keyword multiplied % population non-vulnerable	144	127	0.29%
			Tenant responsibility	Shelves - general	Ranked 7/8		Y			Impact is total keyword multiplied % population non-vulnerable	54	48	0.11%
			Post-Transforming Homes Repairs	Bath Panels		2 no. tenant responsibility				At end of programme, impact is total keyword multiplied by % non-vulnerable	205	180	0.41%
			Post-Transforming Homes Repairs	Kitchen cupboards and drawers, catches/handles, worktops	Ranked 5/8	1 no. tenant responsibility	Y			At end of programme, impact is total keyword multiplied by % non-vulnerable	632	556	1.28%
Routine	General Build	floor and wall tiling repairs	Vulnerable residents variation	Loose floor tiles	84% agree				N/A	N/A	N/A	N/A	
Batch	General	General	Batch Repairs	General - move to batched programme			Y		N/A	N/A	N/A	N/A	
			Batch Repairs	Fencing - boundary	Ranked 4/8	1 no. batched repairs				Impact is total keyword multiplied % population non-vulnerable, with cost being transferred to	623	548	1.26%
			Batch Repairs	Gates - boundary	Ranked 6/8	1 no. tenant responsibility; 1 no. ironmongery tenant				Impact is total keyword multiplied % population non-vulnerable, with cost being transferred to	1035	911	2.10%
			Batch Repairs	{?} Minor plasterwork repairs to walls & ceiling		2 no. tenant responsibility				Impact is total keyword multiplied % population non-vulnerable, with cost being transferred to	156	137	0.32%
			Batch Repairs	Smoke alarm batteries	Ranked 1/8	1 no. tenant responsibility	Y			Impact is total keyword multiplied % population non-vulnerable, with cost being transferred to	240	211	0.49%
Vulnerable	General	General	Vulnerable residents variation	Varied service/additional support for vulnerable residents	79% agree	Y			N/A	N/A	N/A	N/A	
Vulnerable	Electrical	Additional Electrical Sockets	Vulnerable residents variation	Additional electrical sockets	84% agree				N/A	N/A	N/A	N/A	
Vulnerable	Fencing	Fencing	Vulnerable residents variation	Fencing - repair damage	84% agree				N/A	N/A	N/A	N/A	
			Vulnerable residents variation	Garden gates - replace	84% agree				N/A	N/A	N/A	N/A	
			Vulnerable residents variation	Fencing - dividing				Y		N/A	N/A	N/A	N/A
			Tenant responsibility	Fencing - dividing		2 no. tenant responsibility	Y		Y	Impact is total keyword multiplied % population non-vulnerable; dividing fencing repairs assumed	861	757	1.75%
			Vulnerable residents variation	Handy Man Service					Y	N/A	N/A	N/A	N/A
General Needs Residents	General	General	Tenant responsibility	General - reduce provision for general needs residents	26% agree (45% disagree)	Y			N/A	N/A	N/A	N/A	
			Tenant responsibility	Glazing - 1 repair per annum		3 no. tenant responsibility			Total keyword multiplied % population non-vulnerable	466	410	0.95%	
General Needs	General	General	Post-Transforming	General - reduce provision for		Y	Y		N/A	N/A	N/A	N/A	

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RESPONSIVE REPAIRS AND MAINTENANCE POLICY

Appendix B: Consultation Summary

1 Overview:

- 1.1 The review of Thurrock Council's Repairs Policy has been undertaken with a strong emphasis on the engagement with repairs service stakeholders – primarily residents, but also other stakeholders such as members. In taking this approach, Thurrock Council seeks to ensure that any revisions to the Repairs Policy are those which derive from stakeholder experience of, and aspirations for, the service.
- 1.2 With this intention, a series of consultation events have been undertaken in the early period of 2014. This included a range of methodologies, derived from the Council's engagement toolkit, to ensure the widest scope of engagement.
- 1.3 Additionally, as a means of providing further context to the provision of repairs and maintenance services by Thurrock Council, a benchmarking exercise has also been undertaken. This involved the review of repairs policies of comparative local authorities, and the repairs services and offers made to residents.
- 1.4 This document sets out the methodologies employed and an overview of the results obtained. Further details regarding results and their relationship to the proposed revisions to the repairs policy can be found in Appendix A.

2 CONSULTATION

- 2.1 The repairs policy consultation has been informed by the Council's 'Community Engagement Toolkit' and involved the following:
 - All Council tenants and leaseholders received by post a repairs survey to complete and return.
 - Tenants and leaseholders were provided with the option to complete the survey online.
 - Telephone surveys were undertaken with a sample group of tenants from across the borough.
 - General public meetings held together with specific meetings with the tenants of sheltered housing schemes.
 - Repairs surgery held at the Civic Offices.
- 2.2 The consultation methodology did not extend a greater level of importance in respect of any of the methods described. There was an intended objective

to ensure that the opportunities to obtain a wide range of resident views were maximised.

2.3 There are a number of views which have been captured through consultation with members and residents during briefings and public meetings.

2.4 The feedback provided is described as follows.

2.5 Members briefing January

2.5.1 Members were invited to a briefing to obtain updates on the proposed repair policy revision. The discussion was centred on how best to deliver a differential repairs policy both in terms of needs (enhanced offer for vulnerable residents and those in sheltered accommodation) versus a core offer for general needs residents and those living in homes improved to the new Thurrock Standard.

2.5.2 The Head of Housing Investment and Development asked members to consider the following:

- Should we offer some repairs to tenants at a charge
- Should we reconsider some routine repairs currently carried out for tenants
- How do we reward those tenants who do not drive demand for repairs

2.5.3 There was support for the need to achieve improved efficiencies in the delivery of repairs by reducing the volume of repairs ordered per property.

2.5.4 It was suggested that the process for ordering a repair should be clearly signposted and the information currently provided to residents should be improved.

2.5.5 In considering the proposal that some residents should undertake minor repairs in their home, one member cautioned that they must have the knowledge to do their own repairs.

2.5.6 Members suggested the adoption of a set of priorities which should form the core of the repairs service:

- The well being of the resident.
- Maintaining the fabric of the building.
- Carrying out repairs on a programmed basis because it is too expensive to do ad hoc repairs.

2.6 Residents: Consultation January

2.6.1 In January an open invitation asking all tenants and leaseholders to attend a meeting to shape the future direction of the repairs service was advertised in the local press. The meeting was attended by 11 residents. The discussion benefited from the experienced views of tenant excellence panel members as well as residents who had not previously engaged with the Council in this way. Residents were presented with information which described how the current level of repair services delivered in Thurrock exceeded that of other comparable councils.

- 2.6.2 The meeting sought to form a consensus on a set of repair priorities for Housing O & Sapproval in April 2014.
- 2.6.3 The specific areas of the repair service considered were:
- Replacement of batteries to smoke alarms and door bells
 - Repair damage to non-boundary garden fences
 - Supply and installation of additional electrical sockets and switches
 - Repair of shelves
 - Repair of skirting boards
 - Replacement of loose floor tiles to kitchen, bathroom and WC
 - Repair of doors to kitchen units or bath panels
- 2.6.4 Residents considered more specifically the services relating to batteries for smoke alarms and fence repairs.
- 2.6.5 Though the principal that the Council should not undertake every type of repairs was agreed, they were concerns raised about how the Council would maintain safety if it adopted a policy of not providing batteries to smoke alarms.
- 2.6.6 The policy of repairing garden fences generated a lengthy debate. Though it was agreed that the Council should maintain boundary fences rather than dividing fences, some residents felt that the Council may need to provide support to resolve disputes between neighbours over who held responsibility for repairing a dividing fence.
- 2.6.7 The opportunity to evaluate transferring some repairs responsibility to tenants (particularly where the impact will be minimal) was discussed.
- 2.6.8 Residents were asked to consider the following:
- Should the Council direct more of the repairs resources to vulnerable people, and reduce the level of service to those who were more able to carry out minor jobs around their home?
 - If so what should be done to mitigate possible impact?
 - If a revised repair policy reduces the scope and no longer carries out all the repairs which are important to residents should the option to pay the Council to carry out the work be offered?
 - How should the Council enable and support residents who were not vulnerable to take more responsibility for low level maintenance jobs?
- 2.6.9 Residents supported the general principle of introducing a policy designed to acknowledge the differing needs and requirements of vulnerable people. There was a generally held view that some residents had the capacity to undertake minor repair work. Some residents felt that the Council should aid capacity building by identifying opportunities for residents to be trained to do small jobs around their homes.
- 2.6.10 Following the presentation of an updated report on the Transforming Homes Programme, residents were asked to consider the following:

- Should the Council offer a reduced repairs service to homes that have successfully completed the transforming homes programme?
 - In what ways should the Council reward residents who keep their homes in a good state of repair?
- 2.6.11 There was support from residents for a policy that sought to reduce the repair volumes for properties improved through the Transforming Homes programme. There was an expectation that residents who had benefitted from the transforming homes investment should take care of their homes.
- 2.6.12 There were strongly held views on whether the Council should reward those tenants with a good record of maintaining their homes.
- 2.6.13 The comments are summarised as:
- “Fine tenants who do not keep their homes in good repair”
 - “No reward to tenants”

2.7 Sheltered Housing Residents: Consultation February

- 2.7.1 Residents of Frederick Andrews Court were invited to share their views on the proposals for the new repairs service. This location was chosen because it is one of the largest sheltered complexes in Thurrock and its residents are actively engaged with the repairs service through the current year Transforming Homes programme.
- 2.7.2 Residents were asked to comment on their priorities for repairs. In line with the public meeting held in January, the larger part of the discussion on repairs priorities centred on whether batteries should be provided for smoke alarms and responsibilities for fence repairs. It was felt that though the Council should not provide tenants with batteries for appliances such as door bells, exceptions should be made for smoke alarms. It was observed that the reasons for this view was twofold: there was a perceived risk to safety by not providing smoke alarm batteries; residents were concerned that some older people would be unable to access smoke alarm units to change batteries due to their location at ceiling height.
- 2.7.3 There was a wider discussion on the proposals to offer different levels of service to vulnerable and older people. It emerged there was large support for providing older people with access to a handyman service. There were positive experiences amongst residents of using a handyman service for minor jobs. On the subject of charges for the handyman service, residents responded that if they were to be asked to pay for the service, costs would need to be reasonable.
- 2.7.4 The residents identified the security of their homes as one of their main priorities and those who live on the ground floor with gardens, require the boundary fences to be maintained to improve their sense of security. There was a view the proposal that residents should take responsibility for repairing dividing fences, will need to recognise not all older people will have the physical capacity to carry out the task.
- 2.7.5 This formed part of a discussion on the capacity amongst older people to undertake other types of repairs such as replacing loose floor tiles. One resident commented that the Council needs to take account of older people's

changing physical health and provide appropriate support in the delivery of the repairs service.

- 2.7.6 The residents were well placed to provide views on the transforming homes programme and agreed with the proposal that properties which were improved should be offered reduced services through the responsive repairs contract.
- 2.7.7 On the subject of a whether the Council should reward those who generated little demand on the repairs service, it was suggested that this would act as an incentive for some residents to maintain their homes.

2.8 Repairs Survey

- 2.8.1 In January a repairs survey was delivered to over 10,000 Council tenants and leaseholders to complete. The questions were also simultaneously placed online via Objective.
- 2.8.2 The consultation period closed on 28 February and the Council has received over 1,500 responses to the survey.
- 2.8.3 Tables 1 & 2 illustrate a summary of the results of the postal and online survey.

Table 1: Experiences of, and responses to proposed changes

Survey Responses to Questions on Current Experience of the Service											
Service satisfaction - If you have recently used the repairs service were you satisfied with the service you received?			Experience of the service - We would like you to tell us about your recent experience of the repairs service. How many repairs have you reported to the Council in the last 12 months.								
No	Yes		1 to 3 repairs	4 to 6 repairs	More than 6 repairs	None					
31.00% (523)	43.21% (729)		56.61% (955)	12.39% (209)	6.76% (114)	15.95% (269)					
Survey Responses to Questions on Proposed Changes to the Service											
The Council believes that additional support should be provided to vulnerable residents, when they need to use the repair service. Do You:			Repairs for vulnerable residents - The Council should carry out the listed repairs as part of the support it will provide to vulnerable residents. Do you:			Repairs for general needs residents - The Council should not carry out the listed repairs for residents who do not meet the vulnerable criteria. Do you:			The Council believes where residents do not keep an appointment, it is fair that they should pay the cost associated with cancelling the repair order. Do you:		
Agree	Disagree	Neither Agree nor Disagree	Agree	Disagree	Neither Agree nor Disagree	Agree	Disagree	Neither Agree or Disagree	Agree	Disagree	Neither Agree nor Disagree
79.02% (1,333)	1.54% (26)	3.32% (56)	84.23% (1,421)	2.90% (49)	4.86% (82)	25.96% 438	45.35% 765	19.09% 322	46.12% (778)	27.56% (465)	17.01% (287)

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Table 2: Preferences with regards to specific repairs

Residents were asked to order a specified list of repairs by preference 1-8; lower average preference indicates the repair is more preferred.

Repairs Preferences									Average Preference
	1	2	3	4	5	6	7	8	
Batteries to Smoke Alarm	68.15% (995)	9.86% (144)	3.70% (54)	3.49% (51)	2.26% (33)	2.67% (39)	1.30% (19)	8.56% (125)	2.18
Replace loose floor tiles	31.45% (457)	22.99% (334)	13.63% (198)	9.50% (138)	5.92% (86)	5.51% (80)	3.72% (54)	7.30% (106)	3.03
Intsalled Aditonal Elec Sockets	24.55% (356)	16.34% (237)	14.83% (215)	10.00% (145)	9.86% (143)	7.93% (115)	4.97% (72)	11.52% (167)	3.66
Damage to garden fence	18.1% (262)	10.4% (151)	12.4% (179)	14.0% (202)	12.0% (173)	9.9% (143)	11.0% (159)	12.3% (178)	4.26
Doors to Kitchen Units	14.30% (207)	9.53% (138)	13.47% (195)	17.82% (258)	13.33% (193)	15.06% (218)	6.22% (90)	10.29% (149)	4.28
Replace Gates to Garden	15.411% (223)	8.569% (124)	12.509% (181)	14.582% (211)	12.509% (181)	11.818% (171)	10.504% (152)	14.098% (204)	4.48
Repair Shelves	6.7% (96)	4.1% (59)	6.1% (88)	10.8% (156)	12.3% (178)	13.4% (194)	18.2% (262)	28.4% (410)	5.73
Repair Skirting Boards	7.58% (109)	3.96% (57)	6.05% (87)	7.72% (111)	11.06% (159)	15.65% (225)	17.32% (249)	30.67% (441)	5.80

- 2.8.4 There has been clear support for the delivery of a responsive repairs service that prioritises the needs of vulnerable people. Some residents were not as supportive of the proposal to decrease the level of repair priorities for those who did not meet the vulnerable person criteria. There is scope to test the proposal further by offering residents with an option to pay for repairs that they considered to be important, but which will not form part of the new repairs policy.

3 Benchmarking

- 3.1 The repairs policies of five local and comparable authorities were examined as part of a benchmarking exercise to identify where there were significant differences in approach. The authorities selected were the London Borough of Redbridge, London Borough of Barking and Dagenham, London Borough of Havering, Basildon Council and Southend on Sea Borough Council.
- 3.2 The benchmarking exercise identified that the type and nature of repairs delivered through the Council's current repairs policy exceeds that of four out of five authorities.
- 3.3 The specific areas of repairs undertaken by the Council which do not form part of the policy of the authorities who were benchmarked, are described as follows:
- Replace batteries to smoke alarms and door bells
 - Repair damage to garden fences.
 - Supply and install additional electrical sockets and switches.
 - Repair shelves.
 - Repair skirting boards.
 - Replace loose floor tiles to kitchen, bathroom and WC.
 - Repair doors to kitchen units.
- 3.4 The results of the benchmarking supports the view that the Council should seek to create an alignment with the repairs policies of other comparable authorities and reposition its own policy to assert that tenants who are able, should undertake minor repairs around their home.

7 January 2015	ITEM: 7
Housing Overview and Scrutiny Committee	
Recharging Tenants Audit - Update	
Wards and communities affected: All	Key Decision: Non-Key
Report of: Councillor Lynn Worrall – Portfolio Holder for Housing	
Accountable Head of Service: Kathryn Adedeji, Head of Housing – Investment and Development	
Accountable Director: Barbara Brownlee, Director of Housing	
This report is: Public	

Executive Summary

This report provides an update response to the Re-Charging Tenants internal Audit Report of February 2013. This update has been developed in order to provide key stakeholders with the status of tenant recharging, including the development of associated policy, and implementation of processes and governance. The audit report found a number of deficiencies, which are detailed in section 2.3 and Appendix A.

Since the last audit update in February 2013, the service has completed the procurement of a new Repairs and Maintenance contract and revised the Councils repairs policy. It was noted in the February 13 update, the procurement of the new Repairs and Maintenance contracts and new repairs policy would allow the Council to deliver a more holistic approach to managing repairs recharges. This report therefore details developments in recharging tenants in two broad areas:

- A revised recharge policy: has been developed in line with wider consultation and development of the housing repairs policy, ensuring the alignment of each policy, allowing key stakeholders to shape policy for the forthcoming five year Repairs & Maintenance contract to commence January 2015;
- Governance & processes implementation: in line with the implementation of the new Repair and Maintenance contract with Mears due to start in January 2015, there have been various improvements in governance and processes corresponding to issues highlighted in the audit report. Table 1 provides some detailed information on the implementation of the recommendations.

1. Recommendation(s)

1.1 To note the contents of the report.

2. Introductions and Background

2.1 The audit report covers a period at which a number of changes were being implemented with regard repairs and maintenance service delivery. Audit fieldwork was undertaken in a period where Morrison's Repairs & Maintenance contract was still in place, immediately prior to the cancellation of the contract in December 2012. The appointment of Mears in February 2013, replacing a terminated Morrison contract, sets the general context. Audit fieldwork was undertaken in the final period of the Morrison contract and published in November 2012.

2.2 The scope of the review covered:

- The roles and responsibilities for raising recharges, administration and debt collection.
- The financial processing of recharges

2.3 The audit report of January 2013 identified the following key issues: **Formal procedure:**

- Clear guidance should be provided to all relevant members of the Housing Directorate. The policy needs to be periodically reviewed.
- A system must be set up to ensure the Head of Corporate Finance is notified of any amendments to the 'rechargeable works' policy. This should be implemented via regular meetings between the Management Accountant and the Housing directorate.

2.4 **Recharge policy standards communication and compliance:**

- All income must be presented for payment where charges can be justified. This will enable managers to maximise the amount to be recharged and offset against costs.
- Rechargeable repairs need to be passed to the appropriate Manager/Technical Officer for processing promptly. This will enable the Authority to realise the relevant income achievable in a timely manner, against the budget set for recharges. A greater portion of the costs will be met by the income collected.
- The policy in place to recharge tenants for damage caused to properties needs to be refreshed and rolled out. The policy could be implemented as an integral part of the transformation review within Housing in relation to the Morrison contract. This will provide a holistic approach to works orders raised and encourage a more accurate and timely process for recharging tenants.
- A refresh of the contractual process; with regards to the identification and reporting of recharges is required. A clear process will enable

operatives to identify report and collect evidence of potential recharges that may be missed by the Client.

- Although the process for raising debts is clearly identified in the recharge policy, a working group is required to enable debtors to liaise with Housing staff in relation to recharges. This will create a clear channel of communication between Housing and Debtors and the income received can be monitored and reported regularly.
- Roles and responsibilities must be clearly outlined and explained, in order to achieve an effective service.

2.5 The Standard and Audit Committee report update provided by the service in February 2013, detailed two key actions that were taken by the Housing team to address some of the key gaps identified in the audit report. These were:

- The first action was to put in place procedure which embedded transparent invoice management, identifying and recovering funds from tenants for rechargeable works. This improvement consequently reduced the financial risk to the Council cited by the audit report published in November 2012.
- The second action was to ensure procedures for recovering income was understood by staff.

2.6 In addition to the improvements detailed above, the Housing team implemented a regime of periodic checks of the exiting processes and financial performance through established governance meetings with partners across the Council including the debt recovery team. This ensured process and procedures are being adhered to but also allows for early identification of issues.

2.7 Since the audit report was published, key developments in these areas can be demonstrated in the ability of the wider service to be able to raise and recover tenant recharge debts – not previously achieved in the period prior to audit. In February 2013, the Council had raised 83K worth of rechargeable works and generated an income of 4.2K. Since April 2013, the Council has raised £116k of rechargeable works and collected £28k.

2.8 Table 1 demonstrates that in the period since the last audit report was produced the Council has been more successful at identifying rechargeable works and ensuring that these debts are collected from tenants. This has been achieved through clearly defining responsibilities between the tenant and Council while also strengthening the contractors' regime for collecting evidence for disrepair claims. In addition to this, the Council's new recharge procedure involves the Council not incurring the costs in the first instance through ensuring that residents particularly around transfer and termination effectively discharge their obligations for appropriate maintenance of their home.

Table 1: Value of rechargeable and % collected April 13 to Dec 14

Period	Value of Rechargeable Works Raised	Value Collected	% Collected
Pre April 2013	£83,000	£4,000	4.8%
April 2013 - Dec 14	£116,046	£27,992	24.1%

3. Issues, Options and Analysis of Options

3.1 Improvements in Recharging

3.2 Since the services last update in February 13, the Housing team has undertaken the procurement of the Councils new Repairs and Maintenance contract and has undertaken a review of its Repairs policy in consultation with residents and stakeholder. These have been formally reported to Cabinet for notification and decision in December 2014 and are included on this agenda for Members information.

3.3 The Housing team has undertaken a assessment of the gaps identified in the audit reports in order to establish provisions within both the new repairs contract and repairs policy to strengthen the Councils management of recharges and to ensure that it maximises opportunities to recover income. In brief, this is essentially achieved by strengthening the Councils contractual arrangements with the news Repairs and Maintenance contractor to gather evidence of rechargeable works and process this information more efficiently; while the Councils new repairs policy clearly defined the responsibilities of the tenant in respect to damages caused by tenants or visitors to the property.

3.4 The Housing teams response to the audit in February 13 detailed a number of policy changes and contractual arrangements that would strengthen the Councils process of managing recharges while clearly defining the responsibilities between the tenant and the Council. This is further detailed in section 3.5 to 3.11 and further provisions are detailed in table 1.

3.6 Policy Improvements – Transfer Refusals and Tenancy agreements

3.7 It is very important to note that part of the new recharge procedure involves the Council not incurring the costs in the first instance through ensuring that residents particularly around transfer and termination effectively discharge their obligations for appropriate maintenance of their home. This is realized by transfer refusals until the tenant remedies defects not caused by wear and tear as applicable.

3.8 In addition to this, a range of other mechanisms has been introduced to minimise the need to recharge and provide more powerful mechanisms where willful or reckless damage occurs. This has been achieved by making more explicit tenancy obligations in the new tenancies recently introduced as well as provide for mechanism not to demote a tenancy as a result of damage or where a tenant starts on an introductory tenancy non wear and tear damage if

one of the considerations that will be assessed before a long term tenancy is offered.

3.9 The Legal Basis for Recharging Tenants

3.10 Through the new repairs policy and in conjunctions with delivering a new Repairs and Maintenance contract, the Council has taken a both holistic and strategic approach which strengthens the Council's relationship with its residents – both in terms of a principle of improving provision for those most in need, as well as better defining the shared responsibilities for maintenance of residents properties.

3.11 Although the Council is keen to promote the principle of shared responsibility, it recognises from experience that homes will inevitably come under wilful damage by tenants and their visitors. The new repairs contract has been therefore developed in parallel with the new repairs policy to ensure that Council has a well-defined legal basis and process for managing recharges. This is clearly defined for the new Repairs contract in the specification of services and new measures will form an integral part of the mobilisation of the new contract in January 2015.

3.12 The legal basis for recharging tenants where repairs are a result to their behavior (i.e. non-reasonable wear and tear) or that of other household members or visitors is laid out clearly in the new tenancy agreement and set out in the new Repairs Policy. The tenancy agreement, was effective from March 2014, details tenants responsibilities in a number of separate areas, examples include:

- An obligation to promptly repair damaged caused to the property, including to installations, fixtures and fittings, or in communal areas. There is a requirement to reimburse the council reasonable costs in instances where there has been a failure to carry out such repair work.
- The levy of a discretionary charge on the tenant where there has been damaged caused as a result of an unreported burglary or attempted burglary.
- A responsibility to maintain their garden so as to ensure that it does not become overgrown, cluttered or to cause nuisance. If there is no good reason as to why they cannot fulfill this responsibility, the council may clear the garden and apply a recharge to recover reasonable costs.
- A requirement to obtain permission before making changes to the interiors of properties and gardens including the erection of fences, walls and other garden structures. The cost to return the property or garden to its original state may result in a recharge.
- An obligation to take reasonable steps to avoid doing anything that encourages infestation. A failure to do so may result in a recharge for de- infestation treatment.

3.13 New Repairs and maintenance Contract – Pricing Model Incentives for contractor to proactively address repairs

3.14 The new repairs contract offers a holistic opportunity to improve our ability to recharge and cover monies as appropriate. Housing Services are ensuring that revised repairs policy, governance and procedures form part of the requirements for a new Repairs & Maintenance contract in January 2015. In addition to this, the pricing model for the new contract – price per property - has an inbuilt disincentive for the service provider carry out non wear and tear repairs, but an inbuilt incentive to proactively address repairs where possible. The new contract has also a number of performance indicators in place to ensure that this area of service is delivered to the Councils requirements. These include:

- The number of repairs due to willful damage and negligence
- Average cost of willful damage and repairs
- Percentage of willful damage and negligence repairs correctly evidenced and logged for the purpose of recharging

4. Reasons for Recommendation

4.1 To provide an update to Members on the Council's recharging performance.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Not Applicable.

6. Impact on corporate policies, priorities, performance and community impact

6.1 None

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

The financial implications are contained within the report which is for noting

7.2 Legal

Implications verified by: **Alison Stuart**
Principal Solicitor

The legal implications are contained within the report which is for noting.

7.3 **Diversity and Equality**

Implications verified by: **Rebecca Price**
Community Development Officer

There are no direct diversity and equality implications following from this progress update

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

9. **Appendices to the report**

- Appendix A

Report Author:

Kathryn Adedeji

Head of Housing – Investment & Development and Corporate Commercial services

Housing Directorate

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Service Area	Formal Procedure	Formal Procedure
Audit Recommendation	1.1	1.2
Audit Comment	Clear guidance should be provided to all the relevant members of the Housing Directorate. The policy needs to be periodically reviewed.	A system must be set up to ensure the Head of Corporate Finance is notified of any amendments to the 'rechargeable works' policy. This should be implemented via regular meetings between the Management Accountant and the housing directorate.
Status	Implemented	Implemented
Management Comment	<p>Clear guidance on recharge procedure was implemented along with the procedure in April 2013.</p> <p>Procurement & mobilisation new Repairs & Maintenance Contract</p> <p>Application of the recharge policy is supported by a suite of component policies and documents which ensure consistency across service provision, thereby improving the ability of the Council to implement tenant recharging. This include revisions to the Tenancy Agreement, proposed revisions to the Repairs Policy document, and the inclusion of recharge processing and performance management within the procurement and mobilisation of the new Repairs & Maintenance contract.</p>	<p>The meeting now forms part of the services formal governance meeting structure. Regular monthly meetings take place with minuted actions that are strictly monitored. Future policy changes will be formally circulated to Management Accountant prior to the meeting for review and implications formally discussed and recorded in the meeting. Associated risks or issues raised will form part of the service risk register.</p>

Service Area	Recharge policy standards communication and compliance	Recharge policy standards communication and compliance
Audit Recommendation	2.1	2.2
Audit Comment	All income must be presented for payment where charges can be justified. This will enable managers to maximise the amount to be recharged and offset against costs.	Rechargeable Repairs need to be passed to the appropriate Manager/Technical Officer for processing promptly. This will enable the Authority to realise the relevant income achievable in a timely manner, against the budget set for recharges. A greater portion of the costs will be met by the income collected.
Status	Implemented	Implemented
Management Comment	<p>Following the transfer of responsibilities for recharging tenants in 2013, Housing Investment & Development have undertaken to develop and embed procedures for the effective management of this area of service provision. In order to effectively undertake tenant recharging, and maximise associated income, the procedure identified necessary evidence required for successful recharge, roles and responsibilities for delivery partners, and forms and frequency of communications with residents regarding recharge. Saffron Housing Management systems provide the contractor the ability to identify tenant recharge cases.</p> <p>Using this process, Housing Investment & Development coordinate with debt</p>	<p>Changes to the procedure means that this recommendation is no longer strictly applicable. Responsibility for charging sits in a centralised team across Housing which includes technical colleagues this is supported by a cross directorate meeting which takes place at least every fortnight and this team which includes key Housing management managers have put in place appropriate procedures to allow recharge management and recovery. Using these procedures, tenant recharge debt has begun to be raised and recovered, and this will be further developed and enhanced in order to improve performance in this area.</p> <p>Procurement & mobilisation new Repairs & Maintenance Contract</p>

	<p>management services in order to manage tenant recharging. Processes developed and embedded have allowed debt management to raise and recover tenant recharges: When the last report was presented (February 2013) the Council had raised 83K worth of rechargeable works and generated an income of 4.2K (4.8%). Since then the Council has raised £116k of rechargeable works and collected £28k (24%).</p> <p>. This is in contrast to previous procedures under which debt had not been raised. Although the total income recovered to date is disproportionate to the changes outstanding, the service is in a much better position to actively recover money going forward and anticipates the rate of recovery to improve over the next 6 to 12 months.</p> <p>The process and systems established provide a basis for the further development in line with procurement of future Repairs & Maintenance contractor, as well as for future ICT systems.</p>	<p>In the course of procurement and mobilisation of the new Repairs & Maintenance contract, a revised and improved workflow management process has been developed which ensures Officers can appropriately manage tenant recharging. This includes working with the new Repairs & Maintenance contractor to refine and develop workflow management for the service provider which matches and is aligned to that of the Council. This service provider workflow management incorporates key data management and reporting which underlies the ability of the Council to performance manage the process through the Key Performance Indicator included in the contract.</p>
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Service Area	Implementing recharge policy in client-contractor interfaces	Procedure for recharge identification and processing
Audit Recommendation	2.3	2.4
Audit Comment	The policy in place to recharge tenants for the damage caused to properties needs to be refreshed and rolled out. The policy could be implemented as an integral part of the transformation review within Housing in relation to the Morrison contract. This will provide a holistic approach to works orders raised and encourage a more accurate and timely process for recharging tenants.	A refresh of the contractual process; with regards to the identification and reporting charges are required. A clear process will enable operatives to identify report and collect evidence of potential recharges that may be missed by the client.
Status	Implemented	Implemented
Management Comment	A significant amount of work has been done around the void process and transfers where the bulk of recharging is identified. The new process involves detailed assessment prior to termination or transfer of a tenancy; this includes photographic evidence of the condition of the home plus an agreement with the resident that elements of identified works would be rechargeable (as applicable). This new process is evidenced by the 83K that has been raised year to date. In addition it is important to note that the new process means that a number of rechargeable repairs are avoided as in a number of instances tenants are declined a transfer until they have undertaken remedial works where it is determined the damage is not as a result	In the course of implementing an interim contract for Repairs & Maintenance provision, assessment has been made of the systemic interfacing required for service provision, as well as the associated roles and responsibilities across delivery partners. This exercise underlies the definition of clear procedures for the provision of Repairs & Maintenance services, and the mapping of these procedures for clear guidance for staff and operatives. Procurement & mobilisation new Repairs & Maintenance Contract In line with the mobilisation of the new Repairs & Maintenance contract, a programme of workflow improvement has been undertaken within the

of wear and tear. The housing management team have ensured that all housing officers are trained on this element and have also altered transfer inspection/completion forms to ensure the considerations are implemented.

Procurement & mobilisation new Repairs & Maintenance Contract

Taking forward the development of the voids process as noted, formal procedures have been developed and agreed as part of the mobilisation process taking place for the new Repairs & Maintenance contract. This includes agreement of processes which reference recharge at appropriate junctures, thereby formally acknowledging the role of the service provider in initiating and substantiating recharge where appropriate. As part of the mobilisation process, the service provider and Thurrock Council are establishing ICT provision for the transfer of recharge evidence from service provider systems such that evidence is available to Council Officers as required.

Council. This programme provides a series of workflow management processes which clearly define roles & responsibilities both of Council Officers and the Service Provider in the implementation of tenant recharging where appropriate. Support this are a number of KPIs for the service provider, as well as internal Council performance management made possible through the workflow management improvements developed.

Service Area	Improved governance and communication across client services	Improved governance and communication across client services
Audit Recommendation	2.5	2.6
Audit Comment	Although the process for raising debts is clearly identified in the recharge policy a working group is required to enable debtors to liaise with housing staff in relation to charges. This will create a clear channel for communication between the Housing and Debtors and the income can be monitored and reported regularly.	Roles and Responsibilities must be clearly outlined and explained, in order to achieve effective service.
Status	Implemented	Implemented
Management Comment	Mapping and identifying roles and responsibilities, defining process implementation for tenant recharges, provides a basis for improved performance. Accompanying this mapping is the definition of governance, and associated frequency and scope of meetings between services involved. Consequently meetings between Housing and Debt Management Services are now part of this on- going governance. This ensures the improved process definition is supported by coordinated working between staff with tenant recharging responsibilities.	Underlying effective and improved service provision is the clear definition and communication of roles and responsibilities for delivery partners. As noted above, an exercise has been undertaken for the assessment and mapping of procedures for implementing effective tenant recharging. Similarly as noted, this process has been undertaken with regard the interim Mears contract, with learning and documentation being taken forward to the implementation of the forthcoming five-year Repairs & Maintenance contract.

7 January 2015	ITEM: 8
Housing Overview and Scrutiny Committee	
Managing Damp & Mould – Update on Housing Investment & Development Actions	
Wards and communities affected: All	Key Decision: Non - Key
Report of: Portfolio Holder for Housing – Cllr Lynn Worrall	
Accountable Head of Service: Kathryn Adedeji – Head of Housing – Investment and Development and Commercial Services	
Accountable Director: Barbara Brownlee – Director of Housing	
This report is Public	

Executive Summary

This report provides an update to the committee on the progress of a number of programmes implemented to tackle issues of damp and mould in Thurrock Council housing stock. The committee is asked to note the progress across these various programmes.

Included here is an overview of how damp problems affecting the building fabric are dealt with through capital and repairs programmes, being prioritised to bring about the most effective and efficient long term resolution whilst minimising disruption to the resident. Also included is an overview of how mould issues deriving from condensation and resident lifestyle is being addressed, including a programme of communications and guidance to residents.

1. Recommendation(s)

- 1.1 That the programmes being undertaken to address issues of damp & mould, as described in this report, be noted.**
- 1.2 That the Committee support the move to a more planned, efficient and effective means of asset management.**

2. Introduction and Background

- 2.1 It is recognised that there is an ongoing issue in a number of properties in the borough with regards to damp and mould. Damp and mould contributes to approximately 1,500 (4%) of repairs service demand and where the issues occur there is a potentially significant impact on the lives of residents.**

- 2.2 At the initiation of the ongoing Transforming Homes programme £2m was allocated to deal with damp problems. This report provides an update on the progress in this and wider programmes underway.
- 2.3 Damp, condensation and associated mould can be regarded as deriving from two distinct, though potentially overlapping issues: problems with the fabric of the property itself; and, problems deriving from resident behaviour. Therefore a resolution to damp and mould problems requires an approach which recognises and addresses these distinct issues and provides options which tackle underlying causes.
- 2.4 This approach moves Thurrock Council from a reactive means of dealing with damp & mould, typically not addressing long-term factors, to a more effective, economic, proactive and permanent resolution which better serves both the resident and the maintenance of property.
- 2.5 Due to the nature of the geography of the borough and the archetypes of some homes Thurrock has a number of ongoing issues with regards properties which suffer from damp problems exacerbated by a periodically high water table. These issues are being addressed through both capital and repairs & maintenance works streams. A range of works have and continue to be undertaken which will reduce the susceptibility of these properties to be affected by damp and mould.
- 2.6 While damp problems caused by a combination of high water table and building fabric contribute to a number of damp-related repairs, resident behaviour can also contribute to problems associated with damp & mould. Poor ventilation, heating and airflow can all contribute to condensation and mould build up in a property, which is subsequently observed in problems of mould and apparent damp. Therefore residents also play a role in resolving issues deriving from condensation. The Council has undertaken a programme of communications and guidance to improve resident awareness of these behavioural issues.
- 2.7 This report provides an overview of these two strands of the damp & mould programme being undertaken by Thurrock Council, detailing the extent and nature of progress to date.

3. Issues, Options and Analysis of Options

3.1 Surveys & Works Undertaken

- 3.2 Thurrock Council are taking a strategic approach to addressing problems of damp occurring in properties, identifying the nature and extent of the problems and undertaking works in the most appropriate programme. In this way the greatest benefit can be made of the ongoing Transforming Homes programme. Where contractors are undertaking improvement works in residents homes, it is also then optimal – in terms of both programming works,

value for money and minimising disturbance to the resident – to undertake any damp-related works at the same time.

- 3.3 Table 1 provides an overview of the surveys and works undertaken to date on the Transforming Homes programme. 487 properties have received damp and mould surveys, of which 410 homes had remedial works undertaken such as damp proofing to reduce the risk of damp and any associated mould reoccurring. The table shows that where Transforming Homes are being undertaken, repairs and maintenance works relating to damp & mould are being carried out by the Transforming Homes contractors.
- 3.4 Works undertaken under the Transforming Homes programme will include those properties where there are more substantial issues, including for example where there are issues relating to rising or penetrating damp. Where this is the case the contractor will typically
- Ensure external ground levels are 150mm below internal floor levels where possible, with external render to same distance above the external ground level;
 - Remove internal wall plaster to a height of 1m, with associated works, and following drying of walls apply damp proof course where required;
 - Overhaul drainage and rainwater systems where required;
 - Install extract fans and ensure installed ventilation is operative.

Table 1: Damp & Mould surveys and works – capital programme*

Ward	Number of Damp Surveys	Number of remedial works req..	Estimated Costs
Aveley and Uplands	3	3	£3K
Belhus	44	40	£46K
Chadwell St. Mary	32	32	£193K
Chafford and North Stifford			
Corringham and Fobbing	1	1	£2K
East Tilbury	4	2	£5K
Grays Riverside	18	12	£52K
Grays Thurrock	16	15	£99K
Little Thurrock Blackshots	15	5	£5K
Little Thurrock Rectory	1	1	£0K
Ockendon	27	23	£58K
Orsett	2	1	£25K
Stanford East and Corringha..	13	8	£39K
Stanford-le-Hope West			
Stifford Clays	5	3	£4K
The Homesteads			
Tilbury Riverside and Thurr..	105	97	£243K
Tilbury St Chads	125	101	£583K
West Thurrock and South Sti..	10	9	£52K
Grand Total	421	353	£1,409K

*Excludes 66 properties surveyed, of which 57 require remedial works, where detailed validation is in progress

3.5 Table 2 provides an overview of the surveys and works undertaken to date on the Repairs & Maintenance works programme. Data shows that where specific remedial work cannot address the issue a further repair is undertaken.

3.6 The Repairs & Maintenance contractor will undertake a damp and mould survey as a direct result of demand from residents, Following the survey, where the remedial works are not extensive these are also undertaken through the responsive repairs service, where more extensive remedial works are identified these are generally referred to and prioritised within the Transforming Homes programme. Outline below are works generally undertaken through the responsive repairs service.

- Biological wash and scrub down to all damp and mould affected areas;
- Application of the anti-fungicidal product which treats and seals the affected areas;
- Application of a further mould treatment product that also includes a painted finish.

Table 2: Damp & Mould surveys and works – repairs & maintenance programme

Ward	No. of Mears Damp & Mould Surveys / Treatment	No. of Mears Damp & Mould Works	Works Value
Aveley and Uplands	60	24	£2.2K
Belhus	142	62	£16.8K
Chadwell St. Mary	163	62	£14.0K
Chafford and North Stifford	1	0	£0.0K
Corringham and Fobbing	5	1	£0.5K
East Tilbury	4	3	£0.6K
Grays Riverside	32	21	£7.0K
Grays Thurrock	53	39	£4.7K
Little Thurrock Blackshots	14	9	£3.7K
Little Thurrock Rectory	10	8	£2.1K
Ockendon	104	54	£10.0K
Orsett	13	9	£0.7K
Stanford East and Corringha..	65	36	£3.7K
Stanford-le-Hope West	37	18	£4.7K
Stifford Clays	45	24	£1.6K
The Homesteads	6	5	£0.5K
Tilbury Riverside and Thurr..	45	46	£9.1K
Tilbury St Chads	28	31	£1.4K
West Thurrock and South Sti..	96	42	£5.0K
Grand Total	923	494	£88.4K

3.7 Resident Communications Programme

- 3.8 A key issue that has emerged through analysis of repairs data, consultation and engagement with staff and residents, was the conflation of damp and condensation either of which can result in mould growth.
- 3.9 In order to establish an effective and long-term resolution to condensation and mould issues, it is necessary to engage residents in being able to recognise condensation problems, as well as changing behaviour to address these underlying issues. In implementing a programme which seeks to bring about this effective change, a range of communications and guidance for residents has been developed and rolled out through October and November 2014.
- 3.10 A guidance leaflet has been issued to all residents through the October rent statement, which includes advice on recognising damp, mould and condensation, as well as how to manage these issues. This information is replicated online, where residents can review this information within the Housing & Tenancy information section of the Thurrock Council website (www.thurrock.gov.uk/damp-and-mould/overview).

3.11 In recognising and managing condensation, residents are advised:

- Moisture from every day activities, poor ventilation and cold temperatures contribute to condensation;
- Clear moisture wherever possible using a cloth;
- Improve ventilation and air flow in rooms and around furniture;
- Ensure extractor fans are used wherever possible;
- Dry clothes outside, or in a well ventilated room;
- Draught-proof and insulate wherever possible, and keep background level heating on in cold weather.

3.12 In recognising and addressing mould:

- Recognising relationship with condensation and damp which underlie mould;
- Where mould occurs, the appropriate washing and cleaning using specialised cleaning products.

3.13 The leaflet also set out the different types of damp and provided residents with an outline of how the Council was addressing these issues as detailed below:

- Penetrating damp: due to leaking drainage or guttering, or water ingress through cracks in wall or around windows and doors;
- Rising damp: failed damp proof membrane, or external ground level being higher than damp proof membrane;

4. Reasons for Recommendation

4.1 This report is provided as a means of updating the committee on the progress of programmes implemented to address damp & mould in Thurrock Council properties. This update is intended to provide members with further information on the approach taken by Thurrock Council in addressing what is recognised as a key issue, particularly in parts of the borough more prone to experience issues with damp & mould.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 The damp and mould programmes established across capital and repairs & maintenance work streams, follow a period of consultation with residents that took place ahead of the initiation of the Transforming Homes programme. In February 2013, the Council approved a report detailing an outline indicative programme of the capital works programme, and the report seeking approval included reference to the period of consultation undertaken with residents as a means of developing this programme. The residents panel, investment forums, and residents excellence panel, were engaged in consultation in order to understand issues and priorities with regard to housing, and as part of this consultation areas prone to damp and mould problems were highlighted. The update provided in the current report provides a continuation of Thurrock's

focus on service provision that directly addresses and resolves residents concerns.

6. Impact on corporate policies, priorities, performance and community impact

6.1 This report and its contents directly address an issue of priority for residents regarding damp and mould issues, and this aligns to the Council's vision and priority regarding the improvement of health and well-being in the borough. Key to this vision is the aim to 'make sure people stay healthy longer, adding years to life and life to years'.

6.2 Recognising and addressing problems of damp and mould, as well as providing residents with the support to recognise and address these issues, furthers the Council's vision in tackling an issue that has a potential impact on both the health and quality of life of residents.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

No financial Implications arising from this report

7.2 Legal

Implications verified by: **Alison Stuart**
Principal Solicitor

No legal implications arising from this report

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

Whilst there are no diversity implications arising from this report specifically, measures to reduce damp, mould and condensation will support the health and wellbeing of our residents and will mitigate the long term impacts on health otherwise arising from an untreated home.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Not Applicable

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

9. Appendices to the report

- Appendix A – Tackling Damp, Condensation and Mould

Report Author:

Kathryn Adedeji

Head of Housing – Investment and Development and Corporate Commercial Services

Housing Directorate

Damp Condensation and Mould

thurrock.gov.uk/damp-and-mould



Is your property affected by condensation or damp? If so, does your home have mould problems?

Condensation is often mistaken for damp, but they are very different. Condensation is produced by normal every day activities like cooking, bathing or showering.

Damp is caused by a defect in the structure of your home. Such defects include leaking pipes and sinks or slates missing from roofs.

Even though condensation and damp are different, the end result is the same: you are likely to have problems with mould unless action is taken to remove the cause.

That is why it is important to know how to reduce or eliminate condensation and damp.

Condensation - What to look out for

All air contains water vapour and when it meets a cold surface it becomes liquid - producing what we call condensation.

This means that the more water vapour there is and the colder the surface it lands on, the more condensation will be produced. You may notice in your own home that your windows are misted up or there are pools of water on your window sills after a cold night.

Condensation can also be found on north facing walls, in corners, cupboards and behind furniture or other work surfaces. In other words, it likes areas where the air does not move around much.

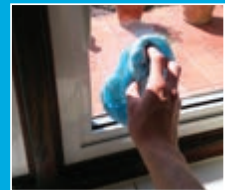
How you can help to reduce condensation and mould problems in your home



If your windows are misted or wet



Improve air flow by leaving trickle vents open on all windows or leave windows open (if safe)



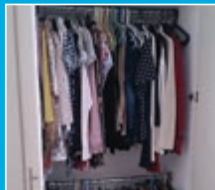
Wipe down windows daily with a soft dry cloth



Leave a gap between furniture and walls. Do not store items directly against walls.



Keep rooms at a low background heat in cold weather.



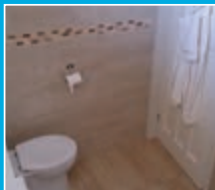
Improve air flow by opening the doors of cupboards and wardrobes



Close kitchen door and ensure extractor fan is on when cooking.



Hang washing outdoors when possible.

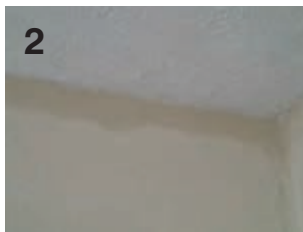
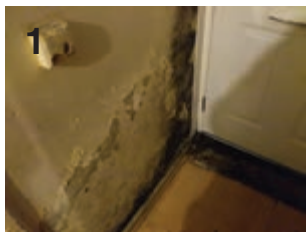


Close bathroom door when in use. If you have one, make sure the extractor fan is on.

Damp-What to look out for

Damp caused by problems such as water leaks or penetrating damp coming from outside usually results in a more defined damp stain. Other signs of trouble include:

- 1 **Rising damp:** Caused by water rising from the ground, usually visible as a tide mark up to 1000mm (40 inches).
- 2 **Penetrating damp:** Affects external-facing walls and ceilings and is usually caused by an external defect such as leaking gutters, roofs etc. This is usually accompanied by a 'damp patch' which looks and feels damp.



If your home suffers from rising or penetrating damp, repairs will need to be carried out before you see any improvement in problems with mould.

Getting help

You should contact our repairs service if you are concerned about damp or mould.

See thurrock.gov.uk/damp-and-mould

Mould growth from condensation or damp

Mould can grow as a result of condensation or damp. Mould spores are all around us but they become visible when they land on a surface and are left to grow and spread.



Removing Mould in Your Home

If your home suffers with mould, it is more likely that it is as a result of condensation. You can get rid of it by washing down the affected surfaces with bleach solutions that are widely available in supermarkets and DIY stores.

You can also buy special paints that are more resistant to mould, but the only permanent cure is to reduce the levels of condensation and following the advice in this leaflet will help to achieve this.

What we are doing

As part of our five-year Transforming Homes programme we are improving properties that have underlying or long-standing problems with damp, condensation and mould.

There are three stages in this process:

- Survey stage – a survey of the whole property, which includes a check for damp and condensation
- Specialist survey stage – a full survey by a specialist who can recommend how best to deal with damp
- works stage – remedial work and monitoring by a qualified team.

We aim to eradicate damp, or reduce condensation to stop mould re-growing. Achieving this may include:

- Upgrading central heating, insulation, windows or external doors
- Providing draught proofing or extractor fans
- Installing trickle vents and/or airbricks
- Rendering external walls
- Repairing or renewing roofs and gutters
- Injecting chemicals to the damp proof course
- Re-plastering internal walls
- Treating with fungicide.

7 January 2015		ITEM: 9
Housing Overview and Scrutiny Committee		
Programme Update for the Transforming Homes Programme		
Wards and communities affected: All	Key Decision: Non - key	
Report of: Portfolio Holder for Housing – Councillor Lynn Worrall		
Accountable Head of Service: Kathryn Adedeji – Head of Housing – Investment and Development and Corporate Commercial Services		
Accountable Director: Barbara Brownlee – Director of Housing		
This report is Public		

Executive Summary

This report provides an update on one of the Council's key strategic housing programmes - Transforming Homes. The programme embodies a number of key work elements including internal and external refurbishment works, thermal efficiency works and damp and mould works to properties. The report seeks to bring the committee up to date with works in the aforementioned area.

The report demonstrates progress in:

- Accessing and utilising external funding sources in furthering improving thermal efficiency;
- Developing and progressing programmes which address damp, mould and condensation issues;
- The continued and expanding delivery of tangible benefits to the local economy and community;
- Meeting headline performance indicators in the Transforming Homes programme – which met its Year 1 targets and continues to perform well during the first three quarters of Year 2.

1. Recommendation(s)

1.1 That the progress of the Transforming Homes programme be noted.

1.2 That the progress in meeting key targets across a range of programme measures be noted.

1.3 That the success in maximising connections with and benefits to the local community be noted.

1.4 That the success of the Housing Service in accessing available funding in order to best protect and develop Council homes be noted.

2. Introduction and Background

2.1 The Transforming Homes Programme is a five-year, £68m, Council commitment to deliver on-going improvements to the Council's housing stock. The programme is delivering a range of high quality works to modernise the interiors of our residents' homes and schemes to maintain the estates' built infrastructure and external fabric.

2.2 Thurrock achieved 100% Decent Homes Standard as of the 1st of April 2011. This is detailed in the HRA Business Plan 2011 – 2014. In 2013 the Council embarked on £68m 5-year programme to deliver works to tenanted properties that went beyond the statutory Decent Homes Standard.

3. Issues, Options and Analysis of Options

3.1 Transforming Homes - Beyond Decency A New Thurrock Standard

3.2 The Housing Department is currently in its second year (2014-2015) of delivering improvement works to tenanted properties to the new Thurrock Standard. The programme is focused on replacing:

- Kitchens over 20 years of age
- Bathrooms over 30 year of age
- Boilers over 15 years of age
- Electrics over 25 Years of age
- Windows over 30 years of age or single glazed
- Roofs over 40 or 50 years of age
- Maximise energy efficiency of homes with the aim of ensuring a minimum SAP rating of 80
- Eradication of damp and Mould issues

3.3 Transforming Homes - Thermal Efficiency Programme

3.4 A key objective of the Transforming Homes programme is to improve the thermal efficiency of as many homes as possible, which helps to support the reduction of fuel poverty. The Council secured external funding to undertake external insulation works as part of Energy Company Obligation. Changes to this obligation in Autumn 2013 substantially impacted the number of homes initially identified for which external funding would remain applicable. The first phase of the programme was completed in December 2014 at an estimated cost of approximately £1.2m. Thurrock Council has been successful in

utilizing external funding opportunities and therefore the Authorities contribution is approximately £700k.

3.5 The Council's Housing capital improvement programme already has within it a number of measures that will improve the energy efficiency of homes, including but not limited to roof insulation, boiler replacement, cavity wall insulation and window replacements.

3.6 Through undertaking energy efficiency studies (outlined in Cabinet report titled Housing Thermal Efficiency and External Funding proposals, 5th June 2013), the Council prioritised works to resident homes on the basis of those paying the most for their fuel and heat costs. The streets below formed part of the first tranche of thermal efficiency works.

- St Chads Road
- Lenthall Avenue
- Moore Avenue
- Hathaway Road
- Christchurch Road

3.8 Residents have been extremely satisfied with the Thermal Efficiency programme with 88% rating it as good or excellent.

3.9 Transforming Homes - Damp & Mould Programme

3.10 Damp and mould problems in the borough have been recognised through the provision of additional £2m across the five-year programme. Addressing damp problems in properties at the time of capital works is optimal both in terms of efficiency and effectiveness of works programming and minimising disturbance to the resident.

3.11 A total of 487 properties have received damp and mould surveys to date under the transforming homes programme, with 410 receiving works relating to damp and mould issues. This is in addition to the 959 surveys undertaken through our responsive repairs service. Works programming is coordinated to ensure that wherever possible damp and mould works are undertaken through the capital programme, with data showing that in the first two years of the seven wards the programme has commenced in there are currently two key areas of Tilbury and Chadwell St Mary, in which damp remedial work has needed to take place.

3.12 While there are known issues with regard to damp in parts of the borough, typically being exacerbated by a high water table, it is also recognised that there are similar problems related to condensation and resident lifestyle issues. This parallel issue is being addressed through a programme of communications and guidance to residents regarding managing condensation issues in the home as a means of minimising mould problems. To this end the Council has developed a damp and mould leaflet detailing how the

Council will manage damp and mould issues, and guidance to residents in managing their lifestyle to reduce damp and mould occurring.

3.13 Delivering Social Value - Local Deliverables

3.14 Another key element of the programme is about job creation and investment in our local communities. The key local deliverables outputs achieved since the programme commenced are detailed in table 1 below. Over the lifecycle of the Housing investment programmes we are aiming to create over 100 apprenticeships and support the retention and or creation of over 500 local jobs. Along with support a range of community investment projects, work placements and training opportunities.

Table 1. Local deliverables outcomes for Year 1 & 2

Element	Outcomes to date
Apprenticeships	22 completed or in progress
Spend in the local economy	£11m, 36% of programme spend
Local employment	32% of the workforce locally based – 86 local jobs
Unemployed returned to work	31, including 16 long term unemployed
Community benefits	Range of benefits to the wider community including renovation of war memorials, community facilities, support for local schools & businesses

3.15 Summary of Programme Update for Years 1 & 2

3.16 Transforming Homes Programme Key Headlines

- The Transforming Homes programme commenced in August 2013.
- As of December 2014 refurbishment works have been undertaken on 3,400 properties.
- Substantial works have been completed in the following wards: Tilbury St. Chads, Ockendon, Tilbury Riverside & Thurrock Park, Grays Thurrock, Belhus, Stanford East & Corringham Town, Little Thurrock Blackshots, Grays Riverside, Little Thurrock Rectory & Chadwell St. Mary.
- 78% of residents surveyed have rated the Transforming Homes programme as either good or excellent. A substantial proportion of residents have also been satisfied with the quality of the works (80%) and the politeness and manner shown by staff (84%).

3.17 Programme Key Outputs for Year 1 & 2 (2013-2015)

3.18 Key outputs of the Transforming Homes programme are detailed in the table below. Over 3,400 homes have been modernised so far on the Transforming

Homes Programme. While the programme is focused on kitchen and bathroom refurbishment, a range of other works have been undertaken including the replacement of front and rear entrance doors and roofs.

- 3.19 In addition to the 3,400 properties which have had their internal works completed during the Transforming Homes programme a considerable number of other properties have been scheduled for the works but have not received them.
- 91 homes received an internal works survey which determined that the property already met the necessary Transforming Homes standard and would therefore not require any works to be undertaken
 - Over 200 homes which were scheduled for internal works in Year 1 and 2 have been classified as no accesses or refusals. In these instances, the Council has attempted to undertake the works but the resident has either refused or not allowed access to the property. The Council will continue to liaise with the residents in these properties throughout the five-year programme, and if possible, carry out the works at a later date.
- 3.20 The table below details some of the key operational and strategic outputs of Transforming Homes and how they contributed to each of the Councils corporate objectives.

Table 2. Key Programme Achievements to date

Council Key Corporate Priorities	Key Achievements
Creating a Great Place for Learning and Opportunity	<ul style="list-style-type: none"> • 22 local apprentices completed or in progress through the programme; KPIs and strategies to support the engagement with, training and employment for unemployed, not in employment education or training, or looking to develop skills in a range of trades and skills.
Encouraging and promoting job creation and economic prosperity	<ul style="list-style-type: none"> • 86 local people were employed on the programme • 16 long term unemployed working on the programme • 50 Neets or Long term unemployed – completed training and work placement courses developed through Housing programmes – with over 50% now in employment of full time training. • KPIs designed to ensure Contractors commit to and provide local employment, apprentices and work experience; • KPIs designed to ensure significant

	<ul style="list-style-type: none"> proportion of programme spend is within the borough; Strategies to develop local business through the development of procurement skills & training;
Building pride, responsibility and respect to create safer communities	<ul style="list-style-type: none"> Over 3,400 properties improved; 80% of residents satisfied with the quality of the works; Renovation of eight War Memorials by the contractors; Strategies in place to extend opportunities to long term unemployed and those not in education, employment or training; Undertaking improvement works to local community halls
Improving health and well-being	<ul style="list-style-type: none"> As part of the £68M five-year capital programme, £2m has been specifically ring-fenced to tackle and eradicate damp and mould issues. Improving information to residents to assist them with reducing condensation and associated mould. Coordination & partnership with existing community organisations in order to engage communities and individuals seeking training or employment;
Protect and promote our clean and green environment	<ul style="list-style-type: none"> KPI framework designed to ensure minimisation of waste and improved recycling
Key Programme Achievements	
Other Key Programme Objectives	<ul style="list-style-type: none"> Excellent contractor performance against KPIs; Ensuring all works were undertaken in quick timeframes in order to limit potential disruption to residents: 83% of occupied properties had their core works completed within 20 days; 85% of voids properties turned around within 30 days from receipt of keys.

3.21 Key Programme Indicators

3.22 In delivering the Transforming Homes Programme, the Council implemented a number of established industry key performance indicators to monitor the delivery of the programme and the performance of contractors. Table 3 below details outturn against these targets. The Council is pleased to report it met

its targets for Year 1 and has continued to perform well during the first three quarters of the Year 2 programme.

Table 3. Key performance measures

Core TH Performance Measures	Performance
Average Days to Complete Properties	17
Satisfaction with TH Programme	78%
Employment of Apprentices	22
Properties to Benefit from Internal TH works	3,400

3.23 Table 4 displays the number of specific internal and external works undertaken since the programme begun. Year 2 external works are due to commence in January 2014.

Tables 4: Internal & External works completed

Internal Works Component	Properties	External Works Component	Properties
Kitchen	2731	Windows	35
Bathrooms	2542	Doors (front)	810
Rewires	1127	Doors (rears)	437
Separate W/C	>600	Roofs	27
OT works	>300	Fencing	17

3.24 Managing Resident Expectations

3.25 The Council is dedicated to ensuring that every resident experiences the minimum level of disruption and the highest level of service while improvement work is ongoing. To assist with this, the Council has used the experience from Year 1 to put in place a series of further improvements, some of which are include:

- Earlier identification of residents or properties with specific issues so that all parties involved are more prepared.
- Improved communication between the contractor and Thurrock Council when residents request additional work or works outside the scope of the programme.
- Continuous close monitoring of satisfaction responses so that issues can be quickly addressed and remedied.
- Further resident visits so that senior managers are able to continually stay in touch with the issues on the ground and how residents feel the works are progressing.
- Resident information packs have been improved

- Also an increased number of contractor and Resident Liaison Officers have been employed.
- The Council has taken on dedicated resident liaison officers who will also call and visit residents to address any urgent concerns residents may have which may not have been addressed by the contractor.
- All residents are provided with a dedicated number for Council staff employed specifically to support them through this programme and this number is contained in the resident booklets handed to residents and on the project boards/signing in sheets will be utilized whilst transforming homes work is taking place within each property

4. Reasons for Recommendation

- 4.1 The committee is asked to note the progress in the various areas of Transforming Homes programme implementation. The report demonstrates progress across this range of variables, and there is no required recommendation for other action following this.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The report above notes a range of measures undertaken in the course of programme implementation which ensure residents are engaged in the development and ongoing provision of capital works service provision. There is no further consultation required with regard to the specifics of this update report.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 There are no recommendations contained in this report which substantiate impact on corporate policies, priorities performance and community impact.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Management Accountant

There are no financial implications following from the recommendations of this report.

7.2 Legal

Implications verified by: **Assaf Chaudry**
Major Projects Lawyer

This report provides an update on the strategic housing programmes and Transforming Homes programme. The report is merely seeking to bring the committee up to date with works. In these circumstances there are no legal implications arising from this report.

7.3 **Diversity and Equality**

Implications verified by: **Rebeca Price**
Community Development Officer

There are no diversity and equality implications following from the recommendations of this report.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

There are no other implications following from the recommendations of this report.

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Not applicable

9. **Appendices to the report**

None

Report Author:

Kathryn Adedeji

Head of Housing – Investment and Development and Commercial Services

Housing

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7 January 2015	ITEM: 10
Housing Overview and Scrutiny Committee	
Progress on Gloriana – Proposed Development of St Chad’s site, Tilbury and Belmont Road site, Grays	
Wards and communities affected: All	Key Decision: Non-Key
Report of: Councillor Lynn Worrall, Portfolio Holder for Housing	
Accountable Head of Service: Barbara Brownlee, Director of Housing	
Accountable Director: Barbara Brownlee, Director of Housing	
<i>This report is public, however some exempt information in the Appendix has been redacted by reference to the descriptions in Schedule 12A of the Local Government Act 1972, due to information relating to the financial or business affairs of any particular person (including the authority holding that information).</i>	

Executive Summary

This report provides an update on the proposals for Gloriana to develop St Chad’s Road site in Tilbury and Belmont Road in Grays.

The governance arrangements for Gloriana provide for a series of Gateway approvals which broadly follow scheme progress. The St Chad’s site is now at Gateway 2 where the scheme progresses through to planning and receipt of construction tenders. Belmont Road is at Gateway 1, initial feasibility, and will progress through to development of the design for planning submission and preparation of more detailed scheme costs.

Both the Gloriana Board of Directors and the joint Partnering Board have considered Gateway reports from Gloriana for both schemes. The Partnering Board’s view, having reviewed the financial models, assumptions and sensitivity testing, is that both schemes are viable and ready to pass through to the next Gateway stage and the Board has made these recommendations to Cabinet. When each scheme reaches Gateway 3 formal Cabinet approval will be required before the land is transferred to Gloriana and scheme funding is made available by the Council to Gloriana.

1. Recommendation

That Overview and Scrutiny Committee:

1.1 Note the Partnering Board's recommendations that Cabinet has supported Gloriana in taking forward:

- 1) St Chad's site in Tilbury through Gateway 2 to receipt of planning approval and construction tenders; and**
- 2) Belmont Rd site in Grays through Gateway 1 to development of scheme design in readiness for planning submission,**

including incurring design fees, at risk, on Gloriana's behalf until approval to commit the schemes is given at Gateway 3.

2. Introduction and Background

2.1 The Final Business Case (FBC) to set up Gloriana was approved by Cabinet in March and the agreed governance arrangements for Gloriana provide for a series of Gateway approvals as follows:

Gateway Structure:		
A rigorous gateway process will ensure each scheme is assessed, approved and its progress tracked. A change gateway will ensure that variances outside permitted tolerances are flagged up along with changing circumstances that may impact the viability of the scheme.		
Gateway	Council	Company
Gateway 1	Strategic Property Board and/or Housing Development Board approve potential transfer and development by Company	Directors consider site opportunity and permit initial expenditure
Gateway 2		Directors consider design, approve submission of planning application and permit scheme tenders to be obtained
Gateway 3	Partnering Board recommends, Cabinet approves Land Transfer and Funding Agreements drawdown to the Company	Company enters into Agreements with Council and Construction Contract
Gateway 4		Directors undertake pre-completion review, lettings/sales release
Gateway 5		Directors undertake post- completion review
At any time in the above process there may be a need for a Change Gateway		
Change Gateway	Partnering Board then Cabinet consider significant change request	Directors make a significant change request

2.2 The Governance Structure was approved as follows:

Governance Structure:	
Company will be a legally constituted entity wholly owned by Thurrock Council	
Cabinet	Strategic direction and viability via sign-off of Business Plan and individual schemes
Partnering Board	Six monthly review of Business Plan :with any remedial actions recommended to Cabinet Chief Executive 3 Members (Cross Party: 1 Labour, 1 Conservative , 1 Independent) S151 Officer
Strategic Property Board (SPB)	Recommend General Fund sites for Cabinet approval
Housing Development Board (HDB)	Recommend HRA sites for Cabinet approval

- 2.3 The Company structure also provides for Gloriana to have a Board of Directors comprising:
- Assistant Chief Executive;
 - Director of Housing; and
 - Senior Financial Officer
- who will review and approve scheme development proposals, Gateway reports and the Business Plan prior to consideration, as necessary, by the Partnering Board and Cabinet.
- 2.4 The Final Business Case (FBC) to set up Gloriana approved that Gloriana should commence activity by the development of St Chad’s site. This comprised Gateway 1 approval under the Gateway process and since then the scheme has been developed to Gateway 2 – readiness for planning.
- 2.5 The former allotment site at Belmont Road has come forward in response to a Cabinet decision in January, in relation to the Asset Management Delivery Plan that, rather than putting the site to the market for disposal, it should be a possible development site for Gloriana. Previous proposed educational development on this land faced problems because the access is via existing cul de sac roads which are heavily congested with traffic and parking. Gloriana has undertaken feasibility work and a Gateway 1 report prepared.
- 2.6 The next section of this report summarises the information for St Chad’s and Belmont Road provided to the Partnering Board together with the Board’s comments.

3. Issues, Options and Analysis of Options

St Chad’s Site, Tilbury

- 3.1 Following Cabinet approval in March to the Gateway 1 stage for St Chad's, architects were appointed by the Council, on behalf of Gloriana, to develop the design to planning application stage. This expenditure is incurred by the Council on Gloriana's behalf and will be recharged to Gloriana once approval to commit the scheme has been made.
- 3.2 As noted at FBC, the St Chad's site is difficult to develop because of the extent of piling necessary and the requirements for flood mitigation and sustainable urban drainage systems (SUDS). Gloriana's proposed contractor and the design team have worked closely with the Planning department to resolve these issues, with the aim of this being an exemplar scheme. However, there is a tension between developing a high quality scheme and meeting the viability benchmarks set for Gloriana and keeping this in balance will need further effort as the scheme progresses through to Gateway 3. Financial details are discussed further below.
- 3.3 Throughout the design development, Gloriana's design team and Council staff have consulted with a range of stakeholders. There have been two general meetings held in the Lansbury Gardens Aged Persons Complex, in February and May 2014, and local residents from the surrounding neighbourhood together with local businesses, residents in the adjacent trailer park, Tilbury FC, Lansbury Gardens Aged Persons Complex and Northview Nursery were invited to attend. Initial design proposals presented in February were developed taking into consideration views received and a further design update shared at the May meeting.
- 3.4 The scheme mix and numbers now proposed is very similar to that presented in the FBC (128 houses now, 132 at FBC) with the predominant house types being 2B and 3B houses. The initial proposed tenure mix is 100% affordable housing as the sales market in Tilbury is not strong and demand for rental properties is high with most households able to meet affordable rent levels. However, sales of properties either outright or on a shared equity basis are not excluded.
- 3.5 Assuming planning consent is forthcoming, start on site could commence in early spring 2015 with completion in spring 2017.
- 3.6 The risk register approved by Cabinet in March has been updated to reflect the risks which are closed once planning submission is reached. Other mitigation measures are currently on target. Risks will continue to be reviewed on an ongoing basis and reported at the next Gateway stage.

St Chad's Site – Financial Projections

- 3.8 As explained at FBC, the Council's financial advisers have developed a financial model to assess whether Gloriana can be established on a viable basis. This model considers the cashflow, tax and accounting implications of Gloriana's proposed developments and also considers the cashflow and

accounting entries impacting the General Fund. It can be used for each scheme on a stand-alone basis to test that the viability tests are met.

- 3.9 The model has been updated to reflect the latest input estimates and assumptions for St Chad's and a full set of all the assumptions in the St Chad's financial model is set out at Table 1 in Appendix 1. These have been reviewed by the Partnering Board as part of their check and challenge and will be subject to continuing review as the scheme is developed. A narrative summary of the assumptions, including the comments made by Partnering Board, is set out below.

Input	Commentary
Tenure Mix	100% of properties are assumed to be let at affordable rents (80% of market rent). Sales either outright or on a shared ownership basis are not precluded but will be dependent on demand and, as at FBC, no sales are assumed initially.
Construction Programme	April 2015 to February 2017.
Land Cost	Land cost is based on offers from private developers and will be subject to an independent valuation at the next Gateway stage.
Construction Costs	These are based on the proposed contractor's latest cost estimates and include planning and design costs, sales and marketing costs.
Sales Profile	Over time it is assumed that all affordable rent properties are sold either to the tenants or individual purchasers or to other providers.
Sales Values & Programme	Sales values are based on current market information uplifted by house price inflation (see below) to the sale date. A prudent sales programme has been assumed. Partnering Board noted that these assumptions are critical and, whilst it is proposed that there are no sales initially, stressed the need for sales projections to be realistic and robust to ensure accurate and sustainable assessment of Gloriana's viability.
Rental Income	Rents are based on current market rents and will be uplifted by inflation (CPI – see below) plus 1%, in line with government policy for affordable rents, to the letting date. Partnering Board considered that assumed rental values in the model were cautious, based on current values and information. They noted that proposed rents are affordable by the majority of households in Thurrock, apart from those in lower income quartile for whom Council social housing will continue to be the main housing option.
Operating Costs	Management and operating costs reflect the cost of the services provided by the Council to Gloriana on a full commercial basis. At this stage it is not considered that any additional management or operational staff will be

	required to deal with Gloriana's requirements. Therefore this arrangement should lead to efficiency savings within the HRA and a small net income within the General Fund resulting from the margin charged on top of direct costs to Gloriana. Maintenance and lifecycle costs reflect industry norms.
Bad Debts & Void Losses	Partnering Board considered that this reflected a prudent allowance and noted that it was informed by the Council's experience of managing its own stock and experience of other providers.
Central running costs	An annual sum is included to cover accounting, insurance, IT and other central support costs which will be payable to third parties.
Inflation Factors	General inflation (CPI), and other inflation factors including house price inflation assumptions are based on relevant independent data.
Interest Rates	The interest rate which the Council is assumed to pay on its borrowing reflects PWLB rates. Funds on-lent to Gloriana will attract a margin which is based on current prescribed margins for state aid compliancy.

3.10 In looking at the results of the financial modelling, Partnering Board has considered whether the underlying principles and parameters remain valid and commercially sound and viable for both the General Fund and Gloriana. Attention is drawn to the following:

- 1) **Impact on General Fund.** Interest charges in the General Fund, as a result of the PWLB loans taken out to provide loans and equity finance to Gloriana, are offset by interest received over time from the loans to Gloriana. The model shows that, depending on the Council's reserve position, there will need to be a rolling up of interest in the construction period when Gloriana has to roll up interest payable to the Council as it has no income. However, overall there is a positive contribution from Gloriana and, in addition, there will be a small surplus from the services provided by the Housing department to Gloriana on a full commercial basis. Repayment of Council loans is predominantly met by the sale of the affordable rent properties over time.
- 2) **Council equity return.** From a commercial perspective the Council needs to be satisfied that best value is generated by investing cash and land within Gloriana and that the return reflects a market position in order to ensure the structure is state aid compliant. As noted at FBC, the returns which the St Chad's site can be expected to generate are at the lower end of the acceptable range, reflecting the high cost of developing in Tilbury given the ground conditions and the relatively weak sales market. At the current Gateway 2 stage this position has improved but only marginally.
- 3) **Gloriana financial viability.** Gloriana will be consolidated into the Council's group accounts and therefore the Partnering Board has reviewed Gloriana's profitability and net asset position in order that the

Council can be satisfied that Gloriana can be regarded properly as a going concern.

- 3.11 Tables 2 to 4 in Appendix 1 give further details of the analysis considered by Partnering Board regarding the funding position, the impact on the General Fund and Gloriana's cash flows. Table 6 compares the key outputs for St Chad's at Gateway 1 stage when the FBC was approved with the same outputs now at Gateway 2 stage. This shows that overall the scheme remains in line with the FBC parameters.
- 3.12 The Partnering Board observed that the model is very sensitive to certain key assumptions including construction costs, sales values and inflation factors and that a number of downside sensitivities have been prepared to test the impact of variations in these key assumptions. Sensitivities are shown in Table 5 at Appendix 1. The Board noted that even in the worst case combination of sensitivities tested the impact on the Council of Gloriana's activities remained positive. At the next Gateway review the construction cost will be the subject of a fixed price tender and therefore, at that stage, this assumption becomes a known input value and the risk of variations for this element will be closed out.

Belmont Road Site, Grays

- 3.13 In relation to the Belmont Road site feasibility work has been undertaken in preparation for a Gateway 1 review. This feasibility has informed design development and early consultation with residents, as well as providing a basis for testing viability to determine whether the opportunity fits with Gloriana's Business Plan and is worth considering further. As with St Chad's, the Partnering Board noted that the Council is incurring expenditure on Gloriana's behalf. This will be recharged to Gloriana once approval to commit the scheme has been made.
- 3.14 Two preliminary layout options have been suggested by Gloriana's design team: one extending the existing street pattern and the other placing the new development at right angles to the existing streets. A mixed tenure development of around 85 dwellings in a mix of 2B, 3B and 4B houses is proposed at this stage.
- 3.15 These broad proposals formed the basis of an initial consultation with residents on 22 September 2014. Residents' main concerns related to parking and traffic management, as was expected given the problems associated with the previous education proposals for the site – currently Stifford Primary school to the north creates particular traffic problems at the start and end of the school day. Further discussions are now underway with Highways to consider how these might be alleviated, rather than added to (as were residents' concerns), by any new development. Suggestions include eliminating the cul de sacs and creating a loop which could enable the introduction of a one way system.

- 3.16 Subject to resolving the traffic issues without detriment to viability Gloriana hopes that a start on site can be made in October 2015 with completion in the summer of 2017.
- 3.17 A risk register has been developed for the site in the same format as that for St Chad's site. At this stage the key risk relates to satisfactory resolution of the traffic problems described above.
- 3.18 Viability testing through Gloriana's financial model has been undertaken. At this Gateway 1 stage the assumptions have not been significantly refined from the general assumptions contained in the FBC, although they do reflect current site information such as proposed numbers and tenures of dwellings. The assumed construction costs are based on average construction costs which the Council is experiencing for its own HRA new build schemes. The Partnering Board noted that any abnormal costs arising from dealing with the traffic issues have not yet been factored in as Gloriana is not currently in a position to quantify them.
- 3.19 The modelling shows that, at this review, the viability tests established in the FBC can be delivered for a development of Belmont Road by Gloriana. The key financial outputs are set out in Table 7 at Appendix 1. The Gloriana funding requirement for this scheme is much lower than that for St Chad's. This is because the current construction costs do not include for any abnormal costs as noted above, but primarily because there are immediate receipts from property sales.

4. Reasons for Recommendation

- 4.1 Cabinet has emphasised the importance of ensuring the viability of Gloriana and governance arrangements and gateway processes are in place to safeguard the Council's exposure to risk as a result of development by Gloriana. Both the Gloriana Board and the Partnering Board have reviewed the Gateway position for the two sites set out in this report and believe these support that scheme development should progress through to the next Gateway. In addition, the principal aim of Gloriana, to help deliver the Council's growth agenda by constructing new housing where the market has failed, remains as valid now as in March. Development of the sites in this report will provide quality exemplar housing to meet housing needs and improve the lives of Thurrock residents as well as to counter current problems of stalled sites and low market confidence.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Member consultation has taken place through the Partnering Board set up under the governance arrangements for Gloriana. In addition Housing Development Board which comprises Members and residents as well as officers, has been advised of the current position. Resident and community consultation has and will take place on individual site proposals at St Chad's and Belmont Road.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 Gloriana has been established to support the Council's growth agenda and will help deliver the Council's target of 1,000 new affordable homes in the Borough over the next five years. By enabling Gloriana to develop high quality housing on land that it owns the Council will provide an alternative route to private sector led regeneration which has been heavily constrained by the prevailing economic conditions. Such housing will contribute to improving wealth and increasing land values and to creating great places where community pride, good health and wellbeing and economic prosperity will thrive.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Head of Corporate Finance/S 151 Officer

The financial model within the FBC needed to demonstrate that any development was both viable for the Company and the Council. Having been developed, any development proposal put forward by Gloriana is tested against this model at key Gateway stages. This report confirms that St Chad's site in Tilbury and Belmont Road in Grays pass these tests at their current respective Gateway review.

No scheme has yet reached Gateway 3 where material financial commitments will arise. At that stage Cabinet approval will be required for transfer of the land and the provision of funding to Gloriana to commence construction. At its budget meeting in February 2013 the Council agreed to prudentially borrow for the purpose of providing funding for Gloriana.

7.2 Legal

Implications verified by: **Assaf Chaudry**
Major Projects Solicitor

Gloriana's activities are within the Council's powers and no specific Cabinet approval is required under this report. Governance arrangements for Gloriana are working well and there are no legal issues to be highlighted at this stage.

7.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The St Chad's and Belmont Road sites will have a positive impact on the availability of housing in Tilbury and Grays, especially the availability of affordable housing. Gloriana's developments will be required to follow Council policies in relation to diversity and equality and, in particular, will ensure that contractors bidding for work from the Company will follow the Council's Equality Codes of Practice on Procurement and will deliver social value through local labour initiatives, including training and apprenticeships.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Final Business Case for Commencement of Operations by Gloriana Thurrock Ltd, Cabinet Report, March 2014

9. **Appendices to this Report**

- Appendix 1 – Gloriana Financial Information

Report Author:

Barbara Brownlee
Director of Housing

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Please note: This Appendix is public, however some exempt information has been redacted by reference to the descriptions in Schedule 12A of the Local Government Act 1972, due to information relating to the financial or business affairs of any particular person (including the authority holding that information).

1. KEY ASSUMPTIONS TO ST CHAD'S FINANCIAL MODEL

Input	Assumption March 14	Current Assumption October 14	Commentary
Sites	Only St Chad's site is included in this model.	Only St Chad's site is included in this model	"St Chad's Only model" must be viable as a stand alone model.
Property numbers / tenure mix	132 dwellings in a mix of primarily 2B and 3B houses. Initial tenure mix is assumed as 100% affordable rent.	128 dwellings in the following mix: 2B house: 57 3B house: 65 4B house: 6 Initial tenure mix is assumed as 100% affordable rent.	Dwelling mix based on identified need for family houses in Tilbury Initial tenure mix is assumed as 100% affordable rent because sales market in Tilbury currently weak, whereas rental market is strong and affordable rent levels are affordable by most households.
Construction programme	Overall build programme: 1 Feb 2015 to 31 July 2016.	Overall build programme: 1 April 2015 to 28 Feb 2017.	The latest building programme is dependent on obtaining planning consent by Jan/Feb 2015.
Land cost	Land cost £1m for the site modelled as £10k per dwelling until final dwelling numbers known.	Land cost £1m for site - £7.8k per dwelling	The land cost is based on the £1m offer received by the Council from external developers who did not proceed. Gloriana proposes to obtain a formal valuation once planning consent has been obtained. The current valuation is considered prudent

Construction costs (direct)	REDACTED	REDACTED	<p>given the developers did not proceed.</p> <p>The March 14 build cost for St. Chads was based on the contractor's estimate, excluding abnormals but an allowance was added for additional piling and SUDs requirements. The contractor has now priced the scheme being submitted for planning. Note a firm price tender cannot be obtained until planning approved.</p>
Construction costs (indirect)	REDACTED	REDACTED	<p>Allows for planning and preparation costs and sales and marketing costs, including consultants and Council staff (2% of build costs). Fees % reduced as some fees now passed to contractor and included in m2</p>
Affordable Rent sales profile	<p>After 5 years (August 2021) assumed sales of properties start to occur over following 7 years (end July 2028).</p>	<p>After 5 years (March 2022) assumed sales of properties start to occur over following 7 years (end Feb 2029).</p>	<p>The sales programme assumes all properties are rented for a minimum of 5 years following construction. After year 5 it is assumed demand for sale housing will have increased and the affordable rent properties are sold over a 7 year period.</p>
Property sales values	<p>The weighted average sales value (current values) is £193k.</p>	<p>Sales values (current values) are: 2B house: £185,000 3B house: £235,000 4B house: £310,000.</p>	<p>Sales values have been uplifted to reflect recent market improvements. Prior to the next Gateway</p>

		The weighted average sales value (current values) is £216k.	review a full marketing and sales report will be obtained.
Rental income	The weighted average rental income (current values) per dwelling is £715 pcm.	The weighted average rental income (current values) per dwelling is £728 pcm.	Rental levels are set at affordable rents (80% of market rents). Current market rents are: 2B House: £680/mth 3B House: £760/mth 4B House: £840/mth
Rental operating costs	Total operating costs per unit (real) are £1,400 per annum, which covers management, maintenance and lifecycle expenditure.	Current value assumptions are: Management costs: £300/dwg/yr Maintenance costs: £300/dwg/yr Lifecycle costs: £600/dwg/yr	Based on initial analysis undertaken by the Council on its own housing stock, the assumptions in relation to management costs per unit per annum are comparable. The costs for maintenance and lifecycle expenditure have been benchmarked against those provided by Registered Providers. Given the nature of the properties to be built (high quality new build) it has been assumed that no lifecycle provision will be required until year 6 post completion.
Bad debts and voids	5% of gross rents.	No change	Based on the Council's experience of managing and maintaining their housing stock.
Vehicle operating costs (one off and	One off development costs of £250K and annual ongoing costs (real) of	No change	One off development costs covers items such as legal formation costs and other set up

annual)	£100K.		costs. Given that Gloriana will be a lean organisation, the allowance for annual vehicle operating costs (in addition to housing management and development costs) covers accountancy and audit fees etc.
General inflation rate	Inflation index utilised is the Consumer Price Index (“CPI”), which is assumed to be constant at 2.50% pa.	CPI now assumed to be 2% pa	For the purposes of the modelling CPI has been assumed to be 2.00% to reflect a median average over the long term.
Rental income inflation	Income assumed to inflate at CPI+1% pa, i.e. 3.50% pa.	Rental income assumed to inflate at CPI+1% pa – i.e 3%pa	This assumption is aligned to government policy enabling social rents to be inflated at CPI + 1.0% from 2015 to 2025.
House Price Inflation (“HPI”)	Sale receipts assumed to inflate on a variable basis to year 6. Thereafter (from Apl 19) HPI assumed to be constant at 4.00% per annum.	Similar profile – variable over the next five years then 4% pa from year 6.	Further analysis of market projections will be undertaken at the next Gateway review.
Public Works Loan Board (“PWLB”) interest rate	GF prudentially borrows at a fixed rate of 3.40% pa to fund all loans / cash equity investments in the WOC.	No Change	Borrowing arrangements by the GF will be reviewed in detail for the next Gateway review.
WOC interest rate	GF lends funds to WOC at a fixed rate of 5.20% pa, i.e. GF includes a margin of 1.80% on the assumed PWLB borrowing rate.	No Change	The loan funding by the GF to the WOC will need to be state aid compliant. This will be reviewed in detail at the next Gateway review.

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2. ST CHAD'S FUNDING SUMMARY ((£000s unless otherwise stated)

PWLB Loan		
Council borrowing from PWLB	REDACTED	
Term of Loan	14 years	
Advanced to Gloriana:		
Loan	REDACTED	84%
Cash Equity	REDACTED	16%
Total Cash Advance to Gloriana	REDACTED	100%
Total Interest paid by Council:	6,080	
Total Interest rolled up by Council	4,233	
Total Interest payable by Council	10,313	
Total Interest paid by Gloriana:	10,832	
Total Interest rolled up by Gloriana	3,150	
Total Interest payable by Gloriana	13,983	
Loan Repaid by Gloriana:	REDACTED	
From:		
Annual surpluses (net rental income less interest paid)	REDACTED	Net deficit covered by disposal income
Net Disposal Income	REDACTED	Amount of disposal income used to pay loan – disposal income also pays dividends
Investment Returns		
Cash Equity returned	REDACTED	
Land Equity returned	1,000	

Total Equity returned by Gloriana	REDACTED	
Dividends from Gloriana (above equity returns)	7,913	
Total Return – Equity and Dividend	REDACTED	

3. SUMMARY OF GENERAL FUND IMPACT OF ST CHAD'S DEVELOPMENT BY GLORIANA

	£000s
Interest paid by Gloriana (1)	13,983
Interest paid by Council (2)	-10,313
Net Interest Income (1+2)	3,670
Net surplus on agency arrangements	154
Dividends from Gloriana	7,913
Total Impact	11,737

4. SUMMARY GLORIANA CASH FLOWS – ST CHAD'S FINANCIAL MODEL

Revenue Cash Flows

	£000s
Rental Income	13,255
Rental operating costs	-1,701
Company operating costs	-2,345
Interest paid on Loan	-10,832
Net Revenue Cash Flows	-1,623

Capital Cash Flows

	£000s
Sales Receipts	45,558
Interest on surplus cash balances	43
Development Costs	REDACTED
Pre-Finance Capital Cash Flows (1)	REDACTED
Council Loan to Gloriana	REDACTED
Council Cash Equity in Gloriana	REDACTED
Total Council Cash Advance to Gloriana (2)	REDACTED
Repayment of Council Loan (incl Rolled Up Interest)	REDACTED
Repayment of Cash and Land Equity	REDACTED

Total Repayment of Loan and Equity (3)	REDACTED
Corporation Tax (4)	-1,646
Net Capital Cash Flows (1+2+3+4)	REDACTED

Summary Cash Flows

	£000s
Net Revenue Cash Flows	REDACTED
Net Capital Cash Flows	REDACTED
Dividends to Council from Gloriana	7,913

5. DOWNSIDE SENSITIVITIES – ST CHAD’S FINANCIAL MODEL

	Base case	Build cost + 5%	Sales values - 5%%	HPI constant at 2.50%	Build cost +5% Sales Value -5%	Build cost + 5% Sales Value - 5% NIL Land Value
PWLB Loan	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
Repayment of PWLB Loan	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-30	31-Mar-28	31-Mar-28
Loan to Gloriana	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
Cash equity to Gloriana	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED
Land equity	1,000	1,000	1,000	1,000	1,000	0
WOC loan retirement	31-Mar-28	31-Mar-28	31-Mar-28	31-Mar-29	31-Mar-28	31-Mar-28
Cumulative General Fund Impact (project end)	11,737	9,663	9,824	4,676	7,753	8,665
Cumulative General Fund Impact (year 5)	1,007	1,057	1,007	1,007	1,057	1,057
Equity return (Cash and Land)	6.64%	4.90%	5.18%	0.75%	3.31%	4.78%
Interest cover (max in year shortfall)	-515	-605	-516	-517	-606	-606

6. KEY OUTPUTS – ST CHAD’S – GATEWAY 1 and 2

	Gateway 1 March 2014	Gateway 2 Oct 2014
Total PWLB Loan/Gloriana Funding	REDACTED	REDACTED
Land Equity	£1.1m	£1.0m
Loan Drawdown	1 April 2014	1 April 2015
Repayment of Loan	31 Mar 2027	31 Mar 2028
Repayment of Equity & Wind Up of Gloriana	31 Mar 2030	31 Mar 2030
Gloriana Interest Cover (max shortfall)	£0.32m	£0.65m
General Fund Cumulative Income	£9.9m	£11.7m
Total Dividends to Council	£7.0m	£7.9m
Repayment of Equity (Cash and Land)	REDACTED	REDACTED
Total Equity Cashflow back to Council	REDACTED	REDACTED
Overall Equity return to Council	6.5%	6.64%

7. KEY OUTPUTS – BELMONT RD – GATEWAY 1

	Gateway 1 Oct 2014
Total Gloriana Funding Requirement	REDACTED
Land Equity	£1.3m
Loan Drawdown	1 April 2014
Repayment of Loan	31 March 2027
Repayment of Equity & Wind Up of Gloriana	31 March 2030
Gloriana Interest Cover (max shortfall)	£0.25m
General Fund Cumulative Income (no MRP)	£10.2m
Total Dividends to Council	£8.8m
Repayment of Equity (Cash and Land)	REDACTED
Total Equity Cashflow back to Council	REDACTED
Overall Equity return to Council	9.9%

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Housing Overview & Scrutiny work programme – 2014-15

Meeting Dates: 16 July 2014, 10 December 2014, 7 January 2015, 18 February 2015, 18 March 2015

ITEM	RESOLUTION	DATE REQUESTED BY COMMITTEE	Lead Officer	Brought to Committee by (Officer/ Member/ Statutory Reason)	PROPOSED DATE FOR SUBMISSION TO COMMITTEE
Gloriana Progress Report	Agreed that the item be included in the work programme for the following Municipal Year (minute 34(1), 2/4/14 refers)	2 April 2014	Angela Housham	Members	7 January 2015
Repairs Policy Report	n/a	n/a	Kathryn Adedeji	Officers	7 January 2015
Recharging Tenants Audit Update	Agreed that a re-audit takes place during 2014/15 and the results be reported back to this Committee (minute 33 (1), 2/4/14 refers)	2 April 2014	Kathryn Adedeji	Barbara Brownlee	7 January 2015
Transforming Homes Programme Update	Agreed that an item on the progress of the Refurbishment Programme be included on the Work Programme for January 2015	16 July 2015	Kathryn Adedeji	Members	7 January 2015
Damp and Mould Update			Kathryn Adedeji		7 January 2015
Right to Buy & Leasehold Update	Agreed that the item be included in the work	2 April 2014	Richard Parkin	Members	Briefing Note circulated on

ITEM	RESOLUTION	DATE REQUESTED BY COMMITTEE	Lead Officer	Brought to Committee by (Officer/ Member/ Statutory Reason)	PROPOSED DATE FOR SUBMISSION TO COMMITTEE
	programme for the following Municipal Year (minute 34(1), 2/4/14 refers)				19/12/2014
Budget	n/a	n/a	Sean Clark	Ongoing requirement	Ongoing
Decommissioning Sheltered Housing	Agreed that a report on decommissioning of Sheltered Housing be included on the Work Programme for an appropriate date.	16 July 2014	Richard Parkin	Members	18 February 2015