



APPENDIX 1 TO AGENDA ITEM 9

CABINET: 13th NOVEMBER 2012

COUNCIL: 19TH DECEMBER 2012

Report of: Assistant Director Housing and Regeneration

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holders: Councillor V Hopley and Councillor A Owens

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**SUBJECT: PUBLIC SECTOR HOUSING CAPITAL INVESTMENT –
PROCUREMENT OF KITCHEN AND BATHROOM REFURBISHMENT CONTRACTS**

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to seek approval to invest in kitchens and bathrooms of some of the Council's public housing stock and starts the programme of investment over the next 5 years.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the Assistant Director Housing and Regeneration be authorised to accept the successful tenders for the provision of both kitchen and bathroom refurbishments (2 separate tenders) for a term of 5 years, based on the tender evaluation methodology detailed in appendix A.

2.2 That to allow the prompt commencement of the extensive kitchen and bathroom contracts, Council be recommended to approve a budget allocation totalling £5.8M to allow for commencement in January 2013 (plus an additional £600k for void property kitchens, should recommendation in paragraph 2.3 be endorsed) including any increase in temporary staffing resource. This will be reflected in a further report to Council on the 27th February 2013 along with the remainder of the public sector capital investment plans for 2013/14, and as part of the normal budget setting process.

2.3 That Council be recommended to approve the policies in respect of Kitchen and Bathroom replacement as detailed in paragraphs 6.6 and 7.3.

3.0 RECOMMENDATIONS TO COUNCIL

- 3.1 That the decision of Cabinet dated 13th November 2012 as detailed in Appendix C to the report be approved.
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4.0 BACKGROUND

- 4.1 Savills (stock condition surveyors) completed a 25% stock condition survey of the Council housing stock in 2011. This survey identified a capital investment need of approx £55M over five years, a substantial amount of which was for the refurbishment of Kitchens and Bathrooms.
- 4.2 As Members will be aware a new system for Council Housing Finance has been introduced from 2012/13. This replaced the previous system based on a national subsidy. This new system will allow the Council to significantly increase the investment in the housing stock, and a further report will be presented to Council in February outlining a rent strategy to address the investment need identified by the stock condition survey referred to in paragraph 4.1.
- 4.3 A further detailed 5 year investment plan is currently being produced alongside the rent strategy and an overall business plan which will be presented to Council in February.

5.0 KITCHEN AND BATHROOM PROCUREMENT

- 5.1 In order to allow for commencement of the Kitchen and Bathroom contracts early in 2013, due the volume of work, officers placed a Contract OJEU notice (Official Journal of the European Union) in June 2012 seeking expressions of interest. Following prequalification assessments, tender documents were sent out early in October, these are due to be returned in November.
- 5.2 As part of the tendering process, officers will benchmark the submitted tenders against established frameworks to ensure value for money. This will be achieved by asking tenderers to submit, along with their supply and fit price, a price to fit only. This will be reviewed alongside material costs the council could achieve utilising existing tendered frameworks.
- 5.3 Officers have worked closely with portfolio holders and tenants as part of a working group in the drafting of contract documents; once the tenders have been received it is proposed that this working group will also be involved in the tender appraisal process following the established criteria.
- 5.4 Once tenders have been received officers will be able to produce address lists detailing the areas we propose to carry out the works. This will be presented to Council as an update.

6.0 KITCHEN VOID WORKS

- 6.1 The Council's re-let standard for kitchens in empty properties is currently a basic one, which essentially maintains kitchens at their current level.

- 6.2 When properties are included in a kitchen replacement programme a full refurbishment is carried out including flooring, wall tiling, upgrading consumer units where necessary and fitting additional sockets to meet modern standards.
- 6.3 I am considering adopting the kitchen refurbishment standard detailed above in paragraph 6.2 for void properties where they are in need of considerable expenditure to meet the basic void standard.
- 6.4 The advantages of adopting the refurbishment standard for void properties are as follows:
- 6.4.1 there would be no disruption to sitting tenants
 - 6.4.2 we would avoid the duplication of works and potentially save money in the long term
 - 6.4.3 reduced demands on voids budget
 - 6.4.4 properties potentially more desirable
 - 6.4.5 potential to charge additional/target rent based on investment levels (Should this approach be agreed as part of the rent strategy / business plan).
- 6.5 The disadvantages of adopting the refurbishment standard for void properties are as follows:
- 6.5.1 reduced tenant choice
 - 6.5.2 increased re-let times
 - 6.5.3 existing tenants potentially having a lower standard kitchen than new tenants.
 - 6.5.4 the renewal programme becoming increasingly fragmented and unplanned
 - 6.5.5 significantly increased demand on the capital budget
- 6.6 I therefore recommend that a minimum amount of work is carried out in the kitchens of void properties in order to meet our void standard. However, should kitchens in void properties need repairs costing in excess of £500 to meet the void standard, these kitchens be upgraded to meet our latest standard as part of the kitchen capital programme.

7.0 BATHROOM REFURBISHMENTS

- 7.1 Each year a considerable number of disabled adaptations are carried out, at the request of occupational therapists to assist tenants with their bathing needs. In the 2011/12 financial year 83 Occupational Therapist requests of this nature were made. These requests can cost in excess of £3,000 each.

- 7.2 In order to reduce the number of these adaptation requests, officers are considering a change of policy in relation to bathroom refurbishments.
- 7.3 I feel it would be appropriate, when bathrooms are due for refurbishment, to remove existing baths and fit shower cubicles and showers in ground floor flats, bungalows and in sheltered accommodation.
- 7.4 In addition to reducing the number of adaptation requests, officers feel this change of policy would make properties more suitable for their potential occupants.
- 7.5 Consultation with the kitchen and bathrooms working group has been carried out and they are in agreement that alternative bathing provision for the type of properties outlined in paragraph 7.3 would be appropriate.

8.0 SUSTAINABILITY IMPLICATIONS / COMMUNITY STRATEGY

- 8.1 Sustainability analysis of the Council's public sector housing stock has been carried out as part of our Asset Management Plan and no significant investment will be carried out where properties could have a negative effect on the business plan, pending a full option appraisal.

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 9.1 This report seeks funding approvals of £3.6m for kitchens, £2.2m for bathrooms, and £0.6m for void property kitchens, which comes to £6.4m in total. If Members approve these schemes then it will commit a significant proportion of the capital resources available for the 2013/14 financial year (the total HRA capital programme approved for the current year is £8.531m). These approvals will then be taken into account in the HRA budget setting report to Council in February 2013. However, it is anticipated that no more than £300k for kitchens and £200k for bathrooms will be expended during the course of the current financial year.
- 9.2 Council will receive a report which identifies the properties that will benefit from these works as more accurate tender prices will be available at this stage.
- 9.3 Members are asked to note the kitchen and bathroom contracts will contain a break clause that will allow the Council to terminate the contract, subject to 13 weeks' notice, at any point after the first six months of commencement. This is to ensure that the Council does not commit any expenditure beyond annual budget approvals which will be met by the HRA capital reserve. (These figures are in addition to those identified for the Firbeck and Findon revival which has a separate budget allocation)
- 9.4 Should Council endorse the approach detailed in paragraph 6.6 it is estimated this would require in the region of £600k per annum to be allocated for void kitchen works as part of the capital plan. However, this would result in saving to the void budget of no less than £93k per annum.
(This is based on the review of 62 recent voids properties 15 of which had over £500 spent on kitchens, this equates to 25% of voids).

- 9.5 Should Council endorse the approach in paragraph 7.3, the costs associated with replacing baths with showers will be addressed within the draft business plan. It is envisaged that replacing baths with showers may cost marginally more however; the costs included within the business plan should be able to address this additional cost, with the added benefit that the adaptation costs will reduce.
- 9.6 Should any additional staffing resources be required to ensure the delivery of the kitchen and bathroom projects, this will be met from the established project budgets.

10.0 RISK ASSESSMENT

- 10.1 Failure to adequately invest in the Council's public sector housing stock may result in lowering demand for Council housing, poor conditions for tenants and statutory standards not being met.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

There is a significant direct impact on members of the public, employees, elected members and / or stakeholders in relation to the proposed policy of changing baths to showers. Therefore an Equality Impact Assessment is required, a formal equality impact assessment is attached as Appendix B to this report, the results of which have been taken into account when undertaking the actions detailed within this article.

Appendices

Appendix A - Tender Evaluation Methodology (revised)

Appendix B - Equality Impact Assessment

Appendix C – Minute of Landlord Services Committee 7 November 2012