

BUDGET AND PERFORMANCE PANEL

Council Housing Responsive Repairs Budget

30 November 2010

Report of Head of Health and Housing

PURPOSE OF REPORT

To provide the panel with information relating to the overspend on the Council Housing Responsive Repair Budget for 2009/10 and advise actions taken with respect to monitoring the expenditure during 2010/11.

This report is public.

RECOMMENDATIONS

(1) That the report be noted

1.0 Introduction

1.1 Legislative Framework.

The Council, as Landlord, has statutory responsibilities to carry out repairs to the Council Housing stock. Section 11 of the Landlord and Tenant Act 1985 imposes repairing obligations upon the Landlord and implies a clause into leases of dwelling houses granted for less than seven years on or after 24th October 1961 that the Landlord will:

1. Keep the structure and exterior (which includes drains, gutters and external pipes) of the dwelling-house in repair.
2. Keep the installations for the supply of water, gas, electricity and sanitation in the dwelling-house in repair and in proper working order.
3. Keep the installations in the dwelling-house for space heating and heating water in repair and proper working order.

In addition to the contractual liability of the Landlord and Tenant Act 1985 placed upon the Landlord there are also non-contractual liabilities placed upon the Landlord. Listed below is some of the relevant legislation that applies.

Section 4 of the Defective Premises Act 1972 – this imposes upon the Landlord an express implied obligation to repair and maintain the premises to ensure that the state of the premises is such that any person who might reasonably be affected by

defects in the premises is reasonably safe from personal injury or damage to their property caused by a relevant defect in the premises.

Occupiers Liability Act 1957 – This statute imposes a duty of care upon the Landlord towards a tenant in relation to the common parts of a building.

Nuisance – Interference with the tenant's use or enjoyment of the land by an adjoining occupier is unlawful. This may be the social Landlord's responsibility where the problem emanates from common parts or external walls retained in the control of the landlord.

Environmental Protection Act 1990 – Part III of the Act governs statutory nuisances. While enforcement of the legislation is primarily undertaken by local authorities, it is also possible in some circumstances for an affected tenant to take action, providing additional remedy for the tenant. These actions can be founded on defects to the property which do not come within the express or implied repairing obligation. A prime example is dampness caused by condensation.

Negligence – A duty of care under common law is imposed on the landlord which may be enforced where there is no contractual or statutory liability. It may be relevant where works have been poorly undertaken and lead to injury, or where the landlord fails to look after common parts.

Failure to maintain the stock can lead to disrepair claims made against the Council which are costly and time consuming to defend.

1.2 Responsive Repairs Budget

The Council Housing Responsive Repairs budget includes the following areas of maintenance:

- Void Property – Repairs are carried out to void properties at end of tenancies in order that the properties meet the Council's lettable standard prior to re-letting. A copy of the lettable standard is attached to the report at Appendix A. This work is generally carried out by the Repairs and Maintenance Section but is supplemented by external sub-contractors where necessary or where work is of a specialist nature (e.g. damp proof works, dry rot treatment)
- Responsive Repairs (including Decorating Vouchers) – These are the day to day repairs reported by tenants. These can vary from minor items such as replacing window catches or replacing a ball valve to a toilet cistern to larger items of work such as damp proof works or kitchen renewals. Emergency replacement boilers are also carried out within this area of maintenance. Again these works are generally carried out by the Repair and Maintenance Section but is supplemented by external sub-contractors where necessary or where work is of a specialist nature (e.g. damp proof works, dry rot treatment, boiler replacement). Decorating vouchers are issued in two circumstances. Firstly where works carried out by the Council affect tenants decorations. Secondly where a property is allocated to a new tenant and the decorations are in a poor condition and would require redecoration. The offer of decorating vouchers is more cost effective to the Council than undertaking redecoration.

The budget for the Council Housing Responsive Repairs was consolidated into one large heading to accommodate the current computerised repairs system which was introduced in 2004. Prior to this the budget was split into a number of headings

which enabled detailed analysis of each budget.

Both the Void repairs and responsive repairs are difficult to accurately predict and manage as these are demand led.

The budget is monitored on a weekly basis by the Repairs and Maintenance Manager within Council Housing. A weekly report is produced and circulated within the Service and Financial Services. The monitoring is carried out using actual spend within the Authority Financials System and commitment within the Anite (Council Housing Integrated Housing Management System) system. The monitoring is also discussed at the Council Housing Section Heads meetings. Where an overspend is predicted options to control the spend are considered.

The budget is also discussed at Performance Review Team Meetings where there is any variance to the budgets.

2.0 Summary of the 2009/2010 Responsive Repairs Overspend

The budget for the Council Housing responsive repairs for 2009/10 was £2,048,000. The actual expenditure against this budget was £2,408,000. An overspend of £360,000.

A breakdown of the main overspend areas are :-

1.	Voids -	£211,000
2.	Contract Maintenance *	£70,000
3.	Responsive Repairs - roofing	£14,000
4.	Responsive Repairs - plastering	£47,000
5.	Responsive Repairs - kitchens	£12,000
6.	Responsive Repairs – brickwork	£6,000
	Total	£360,000

Reasons for the overspend

Voids –

During 2009/10 there was a considerable increase in the number of void properties.

The figure increased from 352 during 2008/09 to 423 during 2009/10. The expenditure on the voids increased from £653,832.70 during 2008/09 to £865,214.08 during 2009/10 a total of £211,381.38. The Head of Council Housing Services produced a briefing paper for the Quarter 4 PRT meeting. A copy of this briefing paper is attached at Appendix B.

There was an increase in voids costing more than £1,000 and the cost of these increased by £72,205. A copy of a sample clearance sheet for properties of this nature is attached at Appendix C together with photographs taken from one of the properties to show the condition of some of the properties returned.

The following major works were required to some of the void properties during 2009/10.

Renewal of kitchens	-	40 Properties
Renewal of kitchens and bathrooms	-	3 properties
Renewal of bathrooms	-	2 properties
Rewiring	-	5 properties
Central Heating installations	-	5 properties
Renewal of windows	-	1 property
Renewal of damp proof courses	-	1 property.

These works were required in order to bring the properties up to the lettable standard and can result from tenant neglect or previous refusals on planned maintenance programmes.

The above work is in addition to other works required to void properties in order to meet the lettable standard. Other works would include joinery items (replacement of internal doors, flooring etc); plumbing items (replacement of sanitary ware, replacing waste pipes etc); plastering (ceilings, walls and patching); electrical (repairing/replacing sockets and light fittings, full electrical test); full test of the gas installation, removal of household items, cleansing and in some instances decoration.

As Council Housing Services identified the void turnaround as a top priority within its business plan in order to maximise rental income the above works were carried out as a priority in order that the property could be re-let as quickly as possible. The alternative is to include such works as kitchen and bathroom renewals, rewiring, renewal of windows and installation of central heating within existing planned maintenance programmes. However this will result in the property being vacant for longer periods and subsequently loss of rental income.

The lettable standard requires that the properties are in a clean and tidy state. The cleansing of the properties is undertaken by the Estate Stewards teams. The Estate Stewards are not costed against jobs and therefore where they are involved in cleaning voids there are no costs attributed to the responsive repairs budget. The clearing of contents left within the properties is undertaken by an external contractor.

During 2009/10 there were high levels of sickness absence within the Estate Stewards teams. This resulted in Council Housing Services employing the external contractor to assist with the cleansing of the voids. This was an additional cost implication and resulted in an increase of £45,281 for this area of work.

Council Housing Services also have properties shuttered for security reasons where it is felt appropriate after a risk assessment is undertaken. Due to the increase in volumes of voids during 2009/10 there was an increase cost of this provision of £8,853.

The volumes of voids also brought about capacity issues within the Repair and

Maintenance Section and external contractors were employed to supplement the workforce to enable Council Housing Services to meet with the demand to relet the properties as soon as possible and reduce the performance indicator for void turnaround as per the Business Plan.

Contract Maintenance –Additional Emergency Repairs

Council Housing Services have appointed Emcor Engineering Services as their Partner to provide the Repair, Maintenance and Servicing of the gas appliances within the Council Housing stock. The main contract is budgeted under planned maintenance, but any emergency repairs are classed as responsive repairs. During 2009/10 there was an actual increase in emergency repairs on boilers £36,200. This increase was due to the unexpected increase number of calls during the cold spell during January.

Lift Repairs

There was an increase of £38,600 on lift repairs during 2009/10 compared to 2008/09. There was a total breakdown of one of the lifts serving Park House in Lancaster. The total cost of repairing this lift amounted to £36,200

Responsive Repairs –

Due to the capacity issues resulting from the increase in the volume of voids and sickness absence of a members of both the roofing gang (1 member of a team of 2 absent for 2.5 months) and the plastering team (1 member of a team of 3 absent for 4 months) Council Housing services had to employ the services of external contractors in order to keep up with the demand for responsive repairs.

There was an additional cost associated with employing an external contractor to undertake roofing works to the sum of £14,800

In addition to this there was an additional cost of sub-contracting plastering works to the value of £47,700.

External contractors were also employed to undertake other works that the Repair and Maintenance section could not carry out due to capacity issues due to sickness absence and the volume of voids which included 6 replacement kitchens at a cost of £12,100 and brickwork items at a cost of £6,500.

At quarter 4 PRT monitoring, an anticipated overspend of £92,200 was reported, the reason for this overspend was wholly attributable to the increase in void repairs. This was also discussed at the Service's Section Heads meeting. However at this stage the following overspends had not been taken into consideration:

- Allowances for any anticipated variances to final invoices against the original commitment figure on orders, the impact of these was a further £145,700 overspend.
- Jobs processed within the contractor computer system had not been transferred on to the financial system and therefore had not been included within the quarterly monitoring figures. The cost of these jobs was £96,000.
- Various closedown journals for rechargeable repairs, work in progress, leaseholder charges, Repair and Maintenance Section Operating Account

and general miscoding. These added a further £26,100 to the overspend.

3.0 Actions taken during 2010/11

The following actions have been taken to improve the monitoring and control of the expenditure of the responsive repairs budget during 2010/11.

Voids

Instructions have been issued that work should not be given to external contractors unless the work is of a specialist nature.

Responsive Repairs

The Maintenance Inspectors have been instructed not to issue orders for works to fencing unless there is a health and safety risk associated with not undertaking the works.

Monitoring

The responsive repairs budget has been further split this financial year in order to more accurately assess the areas where overspends occur. The Budget has been split into the following sub-codes.

1. Repair and Maintenance of Buildings – This will contain all the internal costs associated with the in-house Repair and Maintenance Section and will reflect the income for responsive repairs on the Operating Account.
2. Contract Maintenance – This will contain all the costs associated with Gas Servicing Contract.
3. Decorating Vouchers – This will contain all the costs associated with the issuing of decorating vouchers for responsive repairs including void repairs.
4. Contracted Services – This will contain all the costs associated with the employing of external contractors.

Journals affecting the responsive repairs budget are to be carried out monthly rather than at year end in order that a more accurate position can be judged throughout the year. This includes rechargeable repairs and the welfare account.

Monitoring now includes a figure for variances to commitment values in order to more accurately predict final costs.

Monthly meetings have been arranged between the Repair and Maintenance Manager and finance to monitor the budget.

Sickness Absence

As noted earlier in the report using external contractors to supplement the workforce due to sickness absence resulted in additional costs. Therefore the Operations Manager and the Assistant Operations Manager (Responsive Repairs) are strictly applying the sickness absence policy and stressing the importance of good attendance to the workforce to reduce the levels of sickness.

Improving productivity and processes

The management capacity in the repair and maintenance section is now at full complement after a substantial period without a key post. This post has now been filled and the post holder is reviewing existing practices to increase productivity.

4.0 Future Actions.

The responsive repairs budget by its nature is a demand led budget and is difficult to predict. By taking the actions above specific areas of overspend will be able to be identified and further actions considered.

The budget should be reviewed annually in order to take into account demand.

Consideration may have to be given to the areas of work that are not statutory but provide a good service that is currently supported by the tenants. For example, the council could decide not to continue with the current Assisted Garden Maintenance Scheme in light of the proposal for a social enterprise scheme for gardening being set up in the district.

Consideration could be given to increasing the financial incentive for tenants to keep their properties in good repair prior to leaving. The current “reward yourself” of £75.00 could be increased to say £150.00 or £200.00. However, this may increase the costs of the budget without any savings as those tenants who would have kept their accommodation in good condition anyway would qualify for the increased amount but there is no real guarantee that this would be enough incentive for those tenants who leave their properties in a very bad state.

In the medium term, the current changes to the HRA financing system, the reduction in funding for social housing generally, the impacts of the CSR and the shared services agenda will mean that we will need to look at our priorities around council housing, our service delivery models, our resources etc to ensure we are fit for purpose to give the best value for money for our tenants and residents. This will mean exploring different ways of delivering than we currently offer.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None identified.

LEGAL IMPLICATIONS

There are no legal implications directly arising from this report.

FINANCIAL IMPLICATIONS

This report sets out the reasons for the largely unforeseen overspend in 2009/10 on the Responsive Repairs Account, and the actions taken to stop this from recurring. Therefore there are no direct financial implications arising from this report.

OTHER RESOURCE IMPLICATIONS

Not applicable.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

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