

<b>Title:</b>	Director of Property Services Report
<b>Meeting:</b>	East Kent Housing Board
<b>Date:</b>	5 June 2017
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<b>Summary :</b>	This report provides updates on key areas of activity within the Property Services Directorate
<b>Recommendation(s):</b>	Board Members are asked to note the content of the report and to discuss any items requiring clarification
<b>Risk considerations:</b>	Programme delivery/ Knowledge retention/ Reputation/ Compliant procurement/ Legislative compliance
<b>Legal/regulatory considerations:</b>	Delivery of statutory obligations
<b>Finance/resources considerations:</b>	Increased expenditure profile/ Adequate resources to deliver programmes
<b>Equalities considerations:</b>	Staff subject to future phases of reorganisation
<b>Health and safety considerations:</b>	None

## 1. Introduction

This report provides Board with an overview of key issues and challenges facing Property Services, priorities over the next 3 months and major programme activity.

## 2. Property Services reorganisation

Consultation for Phase 2 has been concluded and three members of staff started in the new roles of Contract Surveyor on 1 June. Recruitment to the vacant posts within the structure as defined during the consultation process has started and it is intended that this be concluded in June (interviews and job offers). Subject to candidate notification periods it is hoped to have a full compliment of staff by September.

The Property Services Management Team has been focusing on:

- 2016/17 Year End
- Action Plans/ Service improvement
- Procurement delivery
- Stock condition survey data load
- Single System testing and 'Go-Live' support
- Phase 2 restructure
- 2017/18 planning, procurement and re-profiling

### 3. 2016/17 Programme

Active management of the 2016/17 Programme continued throughout the year and revisions to the programme were regularly discussed with Partner Councils. An increased level of budget monitoring is to be applied throughout 2017/18 to identify adjustments at an earlier stage and to allow for advanced discussion with Partner Councils.

A summary of the year end situation is included in at Appendix 1 to this report.

Revenue Programme expenditure has been controlled and minor underspend delivered compared to the adjusted budgets presented to the Partner Councils in February 2017.

Capital Programme underspend is higher compared to the adjusted budgets presented to the Partner Councils in February 2017. The underspend being; 3% for Canterbury City Council, 7% for Dover District Council, 3% for Shepway District Council and 9% for Thanet District Council.

The requirement for in-year budget adjustment is due to;

- a lack of clear understanding as to asset investment requirements (this is to be addressed through the stock condition survey data, 5 year investment plans and will be reflected in the 2017/18 HRA Business Plans),
- the inclusion of work that was subsequently identified as not being required (bathroom, kitchen and structural),
- a historic lack of programme planning, management and timely procurement (this has and continues to be addressed through service reorganisation, pro-active programme management, evidence based budget development, active budget and programme monitoring and reporting and cross cutting procurement activity)
- delays to the procurement of major cross cutting programmes (door, electrical, roof, thermal insulation and window) which is being address through the work of the joint commissioning and delivery working group.

The underspend against the February 2017 adjusted budget is primarily due to;

- double counting of electrical installations (bathroom and kitchens and electrical re-wiring)
- delays in the delivery of Environmental Improvement Programme (EIP) projects
- the deferral of work to the 2017/18 financial year.

#### 4. 2017/18 Programme

The 2017/18 budget provision has been confirmed by each Partner Council and procurement of the key elements is continuing.

Adjustments to the programme as a consequence of the stock condition survey findings are in progress and this is expected to be completed by the end of June.

The Capital and Revenue budgets are outlined below:

2017/18 Budget			
Partner Council	Bid £	Budget £	Variance £
<b>Canterbury</b>			
Capital	5,175,000	5,165,000	-10,000
Revenue	6,160,000	6,160,743	743
<b>Dover</b>			
Capital	4,165,000	4,203,000	38,000
Revenue	3,286,000	3,488,500	202,500
<b>Shepway</b>			
Capital	3,030,000	3,045,000	15,000
Revenue	3,215,000	3,274,450	59,450
<b>Thanet</b>			
Capital	3,255,000	3,495,000	240,000
Revenue	3,860,000	3,874,561	14,561
<b>Overall</b>			
Capital	15,625,000	15,908,000	283,000
Revenue	16,521,000	16,798,254	277,254

#### 5. Heating & Hot Water Contracts

The contract started on 1 April 2017 and P&R performed well at the outset. Unfortunately, this performance has deteriorated particularly in relation to; appointments, customer care, servicing programme and provision of timely information.

A series of contract meetings have been held with P&R and an improvement plan has been implemented. Early indications of improvement are being evidenced and the Compliance & Servicing Manager is meeting with P&R senior management fortnightly.

An update is to be provided to Board at its meeting.

## **6. Compliance and Statutory Obligations**

A summary of compliance and statutory obligations appears at Appendix 2 to the report.

This summary is being developed to provide the Board, Partner Council's and Management Team with an overview of performance in this area.

## **7. Environment Improvement Programme**

Delays to the procurement of 2016/17 projects (finalisation of contract terms with Contractors) have been experienced and this has resulted in these either spanning the financial years or being carried over to 2017/18. This has particularly affected projects at Dover District Council.

Changes have been implemented for the 2017/18 EIP and these take account of the on-going downward pressure on budget provision and clarity over the scope of projects that will be supported.

The finalised 2017/18 projects are to be considered by Area Boards prior to procurement and progression within year. A number of projects have been rejected as being outside the scope of EIP and sponsoring parties have been notified.

Further work is to be carried out with the Partner Council's to establish future funding availability and prioritisation of works within the HRA Budget Plan.

## **8. Stock Condition Survey**

Rand Associates has completed the stock condition survey programme and the initial findings have been shared with the Partner Councils. This information has been loaded in to the Test environment of the Single IT System Strategic Asset Management (SAM) module and is to be used as the data source for all future (2018/19 onward) investment decisions.

The findings have established that the stock is in better condition than anticipated and has provided guidance as to areas of investment. These will be developed further, in conjunction with the Partner Councils, through the 5 Year Investment Plans, Asset Management strategies and HRA Business Plans.

## **9. Cyclical Decorations & Repairs**

Issues have been identified at Thanet District Council in relation to the cyclical decorations programme delivered by M&R Refurbishment Limited (M&R). These relate to; inadequate contract management, variance to the contract process in the way in which works were progressed, deficiencies with the quality of work, inadequate challenge to the valuation of work, inadequate evidence of scaffolding quantity and timescale and the deterioration of the working relationship between EKH and M&R.

Valuations had been placed in dispute whilst a complete re-measure of all work was concluded. This identified areas of over valuation and these have been accepted by M&R and scaffold timescales (the main item of dispute) have also been agreed. Adjusted valuations have been processed and passed to Thanet District Council for payment.

The interim Project Surveyor previously managing this project is no longer employed by EKH and responsibility has been transferred to a permanent member of the Property Services team. The contract process has been revisited, reinforced and embedded and the required controls have now been implemented.

A re-measure of work at Dover and Shepway are to be carried out over the next 3 months and M&R has agreed to adjust future valuations to take account of any findings arising from this.