



NCH Asset Management Strategy

2007

Draft for **Consultation 2.1**

NCH Asset Management Strategy

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Executive Summary

This Nottingham City Homes (NCH) Asset Management Strategy (AMS) forms part of and supports a series of strategic documents such as Strategic Regeneration Frameworks, Neighbourhood Plans, the Housing Strategy, Community Strategy, Local Community Strategies, and the Local Area Agreement, which will revitalise the local economy, support the regeneration of the city and the creation of successful neighbourhoods within it. Nottingham City Homes (NCH) recognises that effective asset management is fundamental to the delivery of the Council's corporate themes and the documents delivery is crucial to the successful delivery of our organisation's objectives as an Arms Length Management Organisation (ALMO).

The Decent Homes agenda is one of our main priorities. The aspirations of residents have been considered in the AMS and their ambitions are recognised in the approach to the Decent Homes investment plan and programme. It is essential that our Decent Homes option is affordable. This strategy lays out detailed plans to ensure that the Decent Homes will be achieved within the projected available resources by the end of 2012. We recognise too, that Decent Homes alone cannot deliver the change necessary to improve our estates to meet our residents aspirations, it is one of a number of issues that need to be considered in the holistic view of housing asset management within the constraints of the ALMO's objectives and funding basis. These issues are far reaching and cover aspects that are included within decent homes such as environmental works but many others such as the transformational agenda within Nottingham fall outside the remit of this document but must be delivered in collaboration.

This document sets out a number of principles that we will develop and implement in order to deliver our delivery plan objectives.

These include:

- Working holistically to deliver Quality homes for our residents
- Continuing to develop and implement the principles of effective asset management;
- Maintaining effective stock condition data and relevant attribute information within a suitable asset management database;
- A Value for Money Repairs and Maintenance service
- Assessing the sustainability and future options for poorly performing or poor quality housing
- Effective procurement;
- Establishing the relationship between timely maintenance and repairs functions
- Effective delivery of planned works programmes in order to keep the stock in good condition.

Detailed stock condition information forms the cornerstone of an effective strategy and gives rise to programmes of re-investment designed to maintain the stock appropriately and in good condition.

Condition data has been enhanced and validated by an ongoing programme of stock surveys and feedback from other repairs and maintenance activities. Our Keystone database system is being utilised to adjust and tune future programmes. We intend to commission these surveys on a framework basis so that we will achieve 100% survey data by 2010 ensuring that our long term asset management planning is robust, evidential and achievable.

1.0 Priorities

1.1 Strategic Themes

This Asset Management Strategy has been drawn up to complement and inform the Nottingham City Homes (NCH) Delivery Plan, 10 Year Strategy and Procurement Strategy. Its aim is to set out priorities for the physical care and improvement of the housing stock managed by NCH. It should be read in conjunction with the NCC Corporate Plan and The NCC Community and Neighbourhood Renewal Strategy & the NCC Housing Strategy.

The NCC Housing Strategy is of specific importance as its aims below link with those of NCH.

Mission Statement –

“Through this housing strategy we intend to secure a decent home for all at a price within their means in communities they want to live.”

Themes -

- Working with developers and other partners to address the lack of balance in the housing market and create a mixture of tenure and affordability ranges.
 - affordable housing
 - regeneration/mixed communities
 - more houses
- A Decent Home for all
 - Social sector decent homes
 - Private sector decent homes
- A Cleaner, Greener Nottingham

In common with other Registered Social Landlords, NCH has finite resources to expend on asset management, accordingly we must manage and robustly direct our resources to derive maximum benefit from our investment. This will ensure that we:

- Keep dwellings in good condition in cost effective ways
- Bring properties up-to-date and in line with current and projected customer expectations and demand
- Ensure works comply with current and prospective regulations
- Provide a balance between response and cyclical repairs and capital investment
- Reflect local diversity in its approach

- Provide links to marketing, lettings, Supporting People, stock renewal and disposals strategies undertaken by the
- Meet the decent homes standard
- Modernise and/or remodel
- Achieve high standards of energy efficiency

The Asset Management Strategy describes how Nottingham City Homes will support the delivery of Nottingham City Council's Vision and Objectives through the delivery of :

'A safer, cleaner, ambitious Nottingham – a city to be proud of'.

By delivering our mission

'Houses where people want to live'

1.2 Corporate Themes

The five objectives within the Corporate Plan are listed below and can also be viewed at -
http://www.nottinghamcity.gov.uk/corporate_plan-june07.pdf

- **Choose Nottingham**
- **Respect for Nottingham**
- **Transforming Nottingham's Neighbourhoods**
- **Supporting Nottingham People**
- **Serving Nottingham Better**

These objectives also align with the themes within the Community and Neighbourhood Renewal Strategy, and below are areas which demonstrate NCH's aims to assist the wider City achieves the goals which have been set.

Respect for Nottingham: make Nottingham a safe and clean place to live, work, visit and invest in.

The Decent Homes Programme will continue to build upon the council's achievements in its ambitions for building safer and stronger communities. In particular, the embedding of Secured by Design Standards within the Security programme will ensure that Nottingham continues to reduce the number of burglaries within the city and make people feel safer in their homes. Improvements in the environmental fabric will also be guided by Secured by Design principles and will ensure that people feel safer within their homes and neighbourhoods.

Transforming Nottingham's Neighbourhoods: create sustainable communities and neighbourhoods and encourage independence and self sufficiency.

Customers have had a clear say in how the Decent Homes programme was procured and in the Repairs and Maintenance tender. They will also be an integral part of the management of the projects. The priorities for the Decent Homes programme are based upon the choices made by customers from the decision to go for ALMO, the prioritisation of Security and the choice of the contractors to do the work.

The NCH Asset Management Strategy shows how housing improvements will impact upon the quality of life of its customers and how this will address the diverse needs of the community and those at risk of disadvantage for example through the reduction of heat loss and the improvement of security. The adoption of Lifetime homes standards will continue to ensure that more people are able to say in their homes and neighbourhoods for the whole of their lives

The Programme will obviously contribute to the improvement of the local housing market. NCH will support the Council helping to make sure that the supply of housing is appropriate to meet local housing needs. It will continue to improve void turnaround times. Through the Decent Homes Programme, NCH will make significant improvements in the condition of the local housing stock including work to meet the decent home standard target, in partnership with others. A percentage of these works will be for environmental improvements which, in collaboration with the NCC led environmental schemes, will improve the physical fabric of the housing stock.

Children & Young People: create a safe, supportive and stimulating environment for children and young people to raise their aspirations, be healthy and achieve their ambitions.

Decent homes are an essential part of a sustainable community. A home and the environment around it has a major impact on the physical and mental health and well being of those that live there including children and young people. Poor housing and poor environments can contribute to an area having a bad reputation. They are factors which have contributed to low demand making communities unsustainable thus making children and young people living within these areas disadvantaged.

The Department of Health's Cross Cutting Review on Health Inequalities found that improving housing conditions which alleviated problems of cold and damp would have a major impact on achievement of their life expectancy target. It also found that improving housing conditions for children in disadvantaged areas would have a major impact on their infant mortality target.

Achieving the decent homes target is also an important component of the Department of Work and Pensions' aim of reducing child poverty. Achievement of the target will also make a significant contribution to the joint Department of Trade and Industry/Department of Environment, Food and Rural

Affairs targets of eliminating fuel poverty and reducing carbon emissions. Improving the thermal comfort of homes helps reduce fuel bills and numbers of children who experience fuel poverty.

Nottingham City Council and NCH's Decent Homes Investment Programme will ensure that at its peak, around 7,000 properties per year will be brought up to decency, targeting the areas of most deprivation first. This work will ensure that decency is achieved by NCH for all tenanted properties will help to alleviate the problems surrounding poor housing and poor environments and will have a positive benefit on the children of Nottingham.

Healthy and Active Nottingham: tackle health inequalities and promote active lifestyles and ensure that Nottingham people are able to live their lives independently.

The strategy will have a significant impact upon health, in particular the improvements in insulation and heating will impact upon fuel poverty. Lifetime homes standards will reduce the risk of accidents, as will the full survey to be undertaken on the Nottingham City Council housing stock which will identify hazards under the Housing Health and Safety Rating System. These hazards will then be targeted and removed as part of the Decent Homes programme where applicable or may form part of the environmental works package. Opportunities for employment will be created by the City Wide Training scheme and educational performance can be improved by ensuring that houses are warm enough for example, so that children can study in their own bedrooms

Excellence in Partnership: achieve these goals through excellent partnership working across all agencies and communities.

NCH has applied the principles of partnering with a number of decent homes contractors and applies the ethos to all. The PPC2000 Partnering Contract has been used as the framework for these relationships. The current contract led by NCC for the Repairs and Maintenance Tender is a JCT contract with a partnership annexe.

Supporting the Councils Ambitions for the Area and its Communities

The Asset Management Strategy shows NCH's ambitions for the community and addresses the underlying needs of the area and its communities by ensuring that investment is sustainable and in line with corporate priorities and that the Decent Homes targets are deliverable. These ambitions have been shared by NCH in all contract documentation amongst partner organisations and have been part of the procurement process thus ensuring that all partners are signed up to the delivery of these targets by the end of NCH.

The Asset Management Strategy sets out the programmes and methods for the delivery of the project and explains how this is underpinned by prioritisation of deprivation and security and outlines the capacity and performance management required to deliver. The plan has taken steps to identify what

longer-term, sustainable outcomes the community together with its partners will realistically achieve by showing the benefits that will be gained in terms of sustainability and the strategy also including the sharing of ideas and information across Sub Regional boundaries

Supporting Nottingham People

The NCH Decent Homes Programme has a significant impact upon the contribution to the Sustainable Economy within Nottingham. NCH's Asset Management Strategy promotes and supports a sustainable local economy, helping secure jobs and wealth by engaging with the local supply chain through local commerce organisations and the support for innovative training measures such as City Wide training schemes. These measures will promote business growth, reduce the skills gap and make infrastructure improvements. Employment rates for local people will increase and the JobMatch scheme is targeted for those in disadvantaged groups or areas of deprivation.

NCH has a good understanding of the importance of supporting the local economy, and the needs of business. The Decent Homes Programme and those in surrounding areas can only be delivered through engagement with local business and local labour. NCH is actively supporting business needs and is supporting this process through its links with Nottingham Chamber of Commerce and the regional trailblazer consortium. The City Wide training scheme is supported by external funding to and is designed to deliver improved access to jobs and services in its priority areas.

1.3 Background

1.3.1 National Context

The Hills report into Social Housing makes four recommendations or key challenges for social housing providers.

1. A need to focus on the current housing stock and resident population. Housing policy is not just about meeting housing shortages through new development. It is equally important to improve the condition of existing stock and doing something to remedy the dissatisfaction at how it is managed.
2. Promoting Income mix within existing communities, for example, by examining the way that allocation policies work to reduce social polarisation. Other ideas include, offering alternate vacancies for sale, using infill sites for home ownership or market renting, making estates more attractive by improving management and more fundamentally working to improve employment prospects in the area.
3. Supporting Livelihoods. Improving employment outcomes through better benefit advice, integrating housing and employment support, generating employment through landlord activities and facilitating mobility on employment grounds.

4. Offering a varied menu. Some people in housing need may not require a long term social housing tenancy, but a quicker more flexible solution such as low cost home ownership. For existing tenants a system of regular reviews could establish whether a resident could be contributing to an equity purchase scheme.

The Cave Review of Social Housing Regulation in June 2007 review was asked to look at how the regulatory system for social housing could be reformed to better support tenants and drive up standards of housing provision, reduce burdens on social housing providers and to reflect current and future Government priorities. It considered the range of options available for the regulation of social housing activities.

It was clear in its recommendations for a more targeted regulatory process and the enhancement of tenants influence and choice. It also recognised that it was important to increase tenants' power and ensure their protection and that tenants attach the greatest importance to getting basic housing services right.

The definition of a 'housing standard' was recommended including basics such as the quality of the accommodation provided, completion of repairs, affording security to tenants and dealing with complaints.

Restrictions on disposals and changes of use were recommended for review and relaxation in order to allow providers more easily to manage their stock in the pursuit of objectives such as mixed communities.

1.3.2 Housing Strategy and Policy

Most Local Authority owned stock across the Country sits within the lower price banded areas. In Nottingham over half of Nottingham City Council's stock is within the lowest price band, and 40% of it within the next band. Prices in different local authority areas can vary, but to disentangling cause from effect on price is very difficult; - that is many areas of the city are cheaper because they are in the city, but also because they have higher proportions of LA housing.

Among the recommendations of the 2007 Hills report into the role of social housing was to find ways to break up tenure in areas with large proportions of social housing, and market bias such as this could tend to work against the greater aim of mixed and balanced communities. Greater acceptance and promotion of these areas could over time promote their improved incorporation into the wider housing market, and so help to create more balanced communities, enable households trapped in certain areas and property types to move up market, increase acceptable entry level supply and help bring down prices. This strategy recognises that not all of the current stock is sustainable if we are to address the issues highlighted.

Household projections based on past trends suggest that the number of single households will increase considerably, while cohabitation will grow and marriage decline. This means not only an increase in the total number of households, but if tenure propensities based on census data are linked to this trend, the implication is that fewer households will be able to afford to buy, or may choose to delay it longer, changing the tenure pattern (social & private renting increase; owner occupation decrease).

Poor condition housing stock is a factor which should be addressed not only through the decent homes programme, but also through neighbourhood regeneration initiatives to avoid repeat decline and stagnation. Social needs are also a factor that is highly complex and difficult to address through physical improvement alone. Environmental works are a key element in ensuring that our estates regenerate.

1.4 Decent Homes

1.4.1 Decent Homes Context

In April 2004, the NCC Building Cost Model identified a funding requirement (gap) to meet the Decent Homes Standard between 2005 and 2011 of £154,944,326 with additional monies in respect of sustainability. The total ALMO resources sought for Decent Homes was £164,791,541.

Following the 1 star rating by the Audit Commission in the inspection of NCH in November 05, NCH and NCC undertook a review of the Decent Homes investment and determined that in order to take a more holistic and long term view of the investment opportunity afforded by the Decent Homes programme, a larger programme than that first envisaged may give better overall benefits to our tenants. To this end a delegation from NCC and NCH visited the then DCLG to discuss an increase in ALMO funding in October 2006. There was clear guidance from the DCLG at that time that it was unlikely be further scope for increasing the funding available to Nottingham for the Decent Homes programme.

The two approaches might be categorised as typical of the evolution of the Decent Homes programme since its inception. The first approach, leading to the £165m bid, envisaged a relatively low expense programme based upon meeting the minimum practical standard. This approach was representative of Round 1 and 2 ALMO's such as Derby and Berneslai where expenditure was likely to be between £5k and £7k per property and where programmes were designed to meet basic decency.

The second approach, for a more complete programme, had been the archetypal approach of Round 3, 4 and 5 ALMO's such as Sheffield, Newcastle and others where the expenditure per property can be £10k per property and above.

Funding in line with the first approach, but with expectations from stakeholders more typical of the delivery of later round ALMO's has meant that NCH has had to reshape its approach to the programme to maximise the most appropriate, affordable and sustainable solution.

1.4.2 Key Issues

The key issues that NCH and NCC have considered in delivering an affordable and sustainable programme are detailed below:

- Investment only to properties that are sustainable in the medium to long term
- Ensuring that the Decent Homes programme is affordable within the proposed Capital Funding
- Incorporating residents priorities into the programme
- Packaging works instead of a one hit approach
- Better value from procurement
- Detailed Programme Planning

1.4.3 Decent Homes Current Requirement

The NCH have worked with consultants Savills over the past 5 months, in developing a detailed investment plan through analysing what work is required to the housing and how this work should be carried out in order to achieve the decency standard by the end of the 2012/13 financial year. This strategy aims to offer the following benefits:

- Meet the Decent Homes target
- Incorporate residents priorities
- Enable efficient programming of the work packages;
- Ensure that expenditure and delivery targets can be achieved;
- Offer greater economies of scale across the programme;

Subject to a positive inspection by the Audit Commission, NCH anticipates a spend of £243m on decency work of an overall £309m Capital Programme from April 2008 through to the end of the 2012/13 financial year.

1.5 Ten Year Asset Management Milestones

Year One

- To maintain current decency levels pending additional ALMO funding for Decent Homes
- Implement a long term Asset Management Strategy for Nottingham City Homes
- Consult on and implement a 5 year Decent Homes Local Investment Plan in collaboration with tenants
- Review the Decent Homes Phase 1 process and implement lessons learned into Phase 2
- Deliver VFM Repairs and Maintenance contract

- Engage with and deliver collaborative procurement in accordance with NCH procurement strategy

Year Two

- Reduce Responsive Works
- Increase Planned Maintenance
- Deliver savings from collaborative procurement
- Implement a Secured by Design Crime Hotspots security programme
- On stream delivery of Phase 2 Decent Homes programme
- Increase City Wide training programme

Years Three to Five

- Delivery of main Decent Homes programme
- Continue to deliver procurement and efficiency savings
- Implement and adopt exit strategy for Decent Homes
- Embed Planned Maintenance following from Decent Homes delivery

Years Five to Ten

- Negotiation of R&M contract extentions
- Implement sustainable maintenance programmes to ensure future viability of stock
- Commercial roll out of skills and knowledge

1.6 Funding Streams

Table 1. 2008/9 – 2012/13 Investment Spend Profile

| Works | Year 1 2008/9 (£) | Year 2 2009/10 (£) | Year 3 2010/11 (£) | Year 4 2011/12 (£) | Year 5 2012/13 (£) | Totals (£) |
|---|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
| NCH Standard and Decent Homes Obligations | £28.5m | £54.2m | £55.8m | £52.9m | £51.7m | £243m |
| ALMO CLG Bid Funding | £13.5m | £38.2m | £40.8m | £36.9m | £35.6m | £165m |
| Other Capital Programme Works | £15m | £14m | £14m | £12m | £11m | £66m |
| NCC Capital Programme | £30m | £30m | £29m | £28m | £27m | £144m |
| Total Capital Programme | £43.5m | £682m | £69.8m | £64.9m | £62.7m | £309m |

Table 2 - Investment Requirements Post 2012/13

| | |
|--------------------|--------------|
| years 1-5 | £309m |
| years 6-10 | £165m |
| years 11-15 | £165m |
| years 16-20 | £222m |
| years 21-25 | £229m |
| years 26-30 | 115m |

2 Customer Focus

2.1 Residents Priorities and Choice

NCH is committed to resident involvement on strategic decisions, procurement and the monitoring of day-to-day operations.

Residents' responding to the Decent Homes Investment Priorities workshop held on the 20th July 2007, showed their priorities generally mirrored the key improvements needed to bring the stock up to the NCH **Planned** Standard. Security featured highest in their order of priorities followed by heating, followed by electrics, followed by kitchens followed by bathrooms and finally followed by external works such as roofing and guttering.

The criteria used for implementing the investment programme include the following:

- Achieving decency by the end of 2012/13 financial year.
- Windows and doors to be programmed first as residents' priorities centre on security issues. Heating works to be programmed next as they were the residents second priority and also to assist in addressing affordable warmth issues. Remaining investment works packages will then be programmed where practical around those works to ensure a manageable spread of activity and to avoid programmes converging on any one property at the same time.
- Replacement of electrics is the residents' third priority due to health and safety issues and therefore the main driver for internal investment. Secondary investment drivers such as bathrooms and kitchens may be carried out under the same programme and at the same time where appropriate and subject to budget.
- Areas with the highest investment need according to work package to be programmed first i.e. worst first basis.
- Every tenant in NCH will benefit from some form of improvement works where required throughout the first two years of the investment programme
- In order to minimise disruption to residents, internal and external work packages will be planned to ensure where practical there is at least a 12 month break between them and ensure that internal works are completed where possible, in one visit.

By following these rules the investment plan allows sufficient flexibility for NCH to accelerate the programme if they feel residents would benefit from reducing decency failures earlier in any one year of the programme, provided it does not compromise overall affordability.

2.2 Decent Homes Choice

NCH is committed to ensuring our customers have choice. Customer choice is integral to the process for the delivery of the investment. Choices on colour and design of doors, types of kitchens, floor coverings and other items are already integrated into the current Decent Homes programme.

NCH also recognises that some tenants, particularly vulnerable and elderly tenants will not want disruption to their properties, however much this is mitigated by good practice. Customers therefore have the choice to refuse any or all of the works if they so wish.

Kitchens

Kitchen designs will be agreed with the customer before the work is undertaken and the layout will incorporate their existing appliances wherever practicable and where space permits. The choices offered to customers will include the following:

Set One

Unit: Blue Lime
Worktop: Riverside Grey
Floor Tiles: Azure
Wall Tiles: Glacier Blue Gloss

Set Two

Unit: Green Alder
Worktop: Sand
Floor Tiles: Eden
Wall Tiles: Mintwater Gloss

Set Three

Unit: Pearwood
Worktop: Stardust
Floor Tiles: Chamois
Wall Tiles: Victoria Cream Gloss

Set Four

Unit: Applewood
Worktop: Everest Black
Floor Tiles: Cappuccino
Wall Tiles: Magnolia Satin
Handles will be Chunky Matt Nickel 'D' Handle from the Symphony Range,.

All newly installed Kitchens will receive decoration

Bathrooms

Customers will be offered the following choices

- White bath and fittings
- WC/cistern and fittings
- Wash hand basin and fittings

- A new bath panel (White)
- New ceramic wall tiles choice of colours.
- Vinyl non slip flooring– 4 choices (Fitted if any bathroom element is replaced)
- Taps with lever handles

Heating

Customers will be offered a choice of replacement gas or electric fires where a fire and back boiler unit is removed.

Electrical Works

Where rewires take place and within the remit of electrical legislation and lifetime homes standards, customers will be given choice as to the siting of sockets and switches.

Fire Choices;

- Standard gas fire
- Upgrade gas fire (At extra cost to customer)
- Choice from a range of electric fires including hearth and timber surround.

Doors

Customers will be offered a choice of styles and colours from a range of doors.

- Styles; 4 Choices

Colours; Red, Green, Blue, White and Mahogany

Specification

Residents are also involved in specifying products such as the current electric fire, bathrooms, kitchens and colours chosen through the Decent Homes Residents

2.3 Leaseholder Consultation

Leaseholder consultation will take place at the appropriate time once the extent of works and costs are known. Letters (Section 20 Notices) detailing the works to be undertaken were sent to all Leaseholders at the commencement of the Decent homes procurement. Further contact will take place as appropriate throughout the programme.

2.4 Consultation

Residents had a major say in the choice of Decent Homes contractors as part of the PQQ and ITT evaluation panels. They were also involved in site visits to the bidding contractors. The Decent Homes Residents Forum is part of the monitoring process for the contract and residents are included on the Decent Homes Steering Group.

Residents are also involved with how repairs and maintenance is planned and delivered. In addition as there are limited resources to fund repairs it is important that the priorities for spending are agreed with the tenants so available funds are properly targeted. As part of the market testing of the Responsive Repairs contract, tenants and leaseholders have been active members of the Repairs and Maintenance Tender Scrutiny Panel, which is overseeing the submission and evaluation of the R&M tender. Tenants have been selected for this process and have already attended briefings, training and workshops and are currently undertaking their assessment role.

2.5 Customer Satisfaction, Participation and Monitoring

The close links between Derby Homes and NCH helped to formulate our approach to customer satisfaction surveys. Over the past year NCH have been using KWEST to carry out customer satisfaction surveys for both Responsive Repairs and Decent Homes works following their success in a similar capacity within Derby. Having set up the process NCH were able to mirror Derby Homes using similar questions enabling benchmarking to be undertaken. Satisfaction is now collected independently of NCH, making for impartial survey results.

This process was improved further following comments from residents regarding the complexity of the questionnaires. Customers at the June 2007 Repairs and Service Scrutiny Forum discussed a list of questions that were subsequently approved for implementation.

2.6 Equalities and Diversity

The Decent Homes programme will advance the cause of the communities of interest within Nottingham, which has a disproportionately high percentage of elderly tenants within its housing stock and the programme will be sensitive to the needs of these tenants. Ethnic minorities are also disproportionately affected by non-decent housing. Nationally, 40% of households from ethnic minorities live in non-decent dwellings, and are more likely to be situated in those neighbourhoods, wards and districts where the poorest housing stock is most concentrated.

In Nottingham, there is a relatively high percentage of people from BME communities living in council dwellings (18%). The Decent Homes Programme will impact upon the desirability of the Nottingham housing stock for BME households and the Asset management Strategy will be used to feed into the

NCC Housing Strategy. Consultation with the NCH BME Housing Group will be a key element of the delivery phase.

The Decent Homes Scheme is being undertaken as a priority in the most deprived areas of Nottingham. This will ensure that the most disadvantaged of the community have a home, which as a minimum complies with, and in some elements exceeds, the Governments' Decent Homes guidelines. Open days are organised to explain the choices available to customers, and assistance is provided to black and minority ethnic (BME) and other hard to reach people in the various communities benefiting from the scheme. Diversity workshops will be held to assess the impact of the Decent Homes Scheme on those communities. Invitations will be extended to members of the BME, asylum seeker and refugee, and faith communities; older people and those with learning difficulties.

Objective 4 of the BME Housing Strategy Action Plan is to 'Ensure that BME residents have access to a decent home.' The actions within this plan are;

- Assess the satisfaction of BME households with Decent Homes
- Equality Impact Assessment carried out
- Distribute home energy efficiency information in BME community venues
- BME choices included in Decent Homes Investment Plan
- Quarterly equal opportunities monitoring reports in place
- Contractors monitored for compliance with Equality objectives/ targets

The Decent Homes Service Standard booklet and all correspondence including letters to tenants and stakeholders offer a document translation service from a strap line on the letter and Equal Opportunities Monitoring forms are attached to all Customer Satisfaction Surveys sent out by the Decent Homes team.

3 Investment

3.1 Nottingham Housing Market

A housing market assessment (HMA) of the core Nottingham area was published in April 2007. Some of the headline issues for the Nottingham City area were:

- 24% of the housing stock in the City is owned by the local authority, compared to 13% nationally.
- A projected increase in the need for smaller and medium sized units of housing as the number of smaller and one person households increases;
- A virtually zero need for more medium and larger family units;
- There is no overall projected need or even a surplus of affordable housing in some parts of the City

Overall the HMA would suggest that due to issues of affordability within the owning sector and the lesser popularity of the private rented sector, demand for social housing in most parts of the City will remain buoyant.

3.2 NCH Stock Overview

Nottingham City Homes is currently managing a housing stock of circa 29,200 units on behalf of Nottingham City Council. The majority of our stock is located within the boundary of the City of Nottingham, which we have divided into three operational units, north, central and south. Within these operational units there are 9 Committee Areas incorporating 94 defined estates or letting areas. All of NCH's stock is located within a half an hour drive of Nottingham City centre.

The AMS has been informed by a revised 17% Stock Condition Survey carried out by Savills during the summer of 2006. This data was then entered into the NCH Asset Management System Keystone, along with Curtins surveys of Non Traditional dwellings during the summer 2006. This information has been used by Savills to formulate the revised Decent Homes programme for Nottingham's homes.

32.14% of Nottingham City Council's total housing stock failed the Decent Homes Standard with the majority of the remainder projected to become non-decent by 2013 unless appropriate investment is made.

In producing the AMS NCH has drawn upon the experience of consultants Savills with the intention of ensuring current best practice in the delivery of decent homes investment programmes for ALMO's and LSVT's across the country are incorporated into the report.

NCH plans to meet the Decent Homes deadline of 31 March 2013, to maintain that standard within Decent Neighbourhoods, and to deliver excellent housing services to its tenants and leaseholders. In

doing so, we are mindful of the diverse needs of the wider community, regeneration issues and the need to ensure a joined up approach. The overall objective being to empower and enable NCH to innovate and deliver continuously improving customer focused services with a long-term sustainable stock.

3.3 Joint Asset Management Group

NCH & NCC meet monthly at the Joint Asset Management Group where planning of Investment takes place. The remit for the group is;

- Ensuring that investment is targeted
- Formulation, evaluation of, and agreement to, proposed re-investment programmes;
- Project appraisal and evaluation;
- Production of implementation plans; and
- Exploration of 'wider action initiatives, regeneration, environmental improvements and their funding (e.g. additional grants).
- Development, review and frequent re-evaluation of the 'Nottingham Decent Homes Plus Standard';

This group has initially agreed the aims and objectives NCH will work to, prior to consultation with customers who will finally prioritize and subsequently agree all programmes of work.

3.4 Stock Sustainability

NCC and NCH have commissioned and undertaken a variety of options appraisals on the current housing stock. These reports form part of Nottingham's approach to the changing housing market within Nottingham. In particular, these reports have highlighted issues on the future sustainability of properties in a number of NCH archetypes. These areas are:

- High Rise
- Sheltered Properties
- Non Traditional Properties
- Corporate properties
- Houses in Multiple Occupation (HIMO's)
- Other areas with significant sustainability issues
- Stock outside the City Boundary

Through the information gathered within these reviews, it is clear that not all of Nottingham's current stock of council owned properties will be suitable and fit for the purposes required in the future. In addition and in line with the recent green paper on Homes for the future: more affordable, more

sustainable (<http://www.communities.gov.uk/documents/housing/doc/HomesfortheFuture>), the council and the ALMO are embarking on drawing up plans to convert current available sites into sustainable future housing. There is a recognition therefore that around 10% of the current stock is likely to have some change of use, change of ownership or could potentially be demolished and replaced within the next 5 years. It would clearly not be in the interests of best value, to invest significant sums in these properties without taking account of the properties future use. Decent Homes' investment will be targeted at the properties that will be sustainable.

From the regular Asset Management Group meetings between NCC and NCH, certain assumptions have been worked up in advance of the review of the NCC Housing Strategy. Modelling has then been undertaken with Savills using all data available from Keystone along with the use of a range of factors including social indicators and the costs associated with maintenance required to the physical attributes of the dwelling; this appraisal process will result in properties being allocated either a red, amber or green investment status (RAG) at a baseline position.

- Red Properties are properties identified as currently having a significant risk of change of use within the medium to long term. It would not therefore be prudent to invest in these properties at this stage without further work based upon option appraisals and consultation.
- Amber properties are where there is a low risk of change of use but further qualifying information is required. This will normally be available in the short term. These properties may therefore have a short delay in approval for investment.
- Green Properties are medium to long term sustainable properties where Decent Homes investment can be carried out without fear of a waste of resources.

From this modelling and based on the available funding we have developed the Investment Programme laid out below, which will be consulted on along with the 'Nottingham Decent Homes Plus Standard' and will form the basis for the scope of works.

3.5 Property Types

3.5.1 Non Traditional Properties

A Non Traditional property survey was carried out by Curtins during 2006, which gave a clear view on the investment costs and priorities of Nottingham's non – traditional properties. The AMS includes the information from this report in its investment plans.

3.5.2 High- Rise

Weedon Grant were commissioned to assess the high rise portfolio within Nottingham, and to make relevant recommendations for the future use and management of the stock. There are clear issues with

some parts of this stock in terms of sustainability and further consultation work is now in progress by NCC. Several of these properties are classed as red for future investment

3.5.3 Corporate Properties and Houses in Multiple Occupation (HIMO's)

There are circa 1146 properties that are within this category. As with the properties listed above it is the opinion of NCH that properties that fall into the Corporate category, many of which fall outside of the City boundary, would best be served by a plan to be used in a different way. Included within this number are those properties classed as HIMO and which require major investment to meet the HIMO regulations. These properties are classed as red at the current time.

3.5.4 Sheltered Schemes

NCC have identified several schemes which are no longer sustainable as sheltered schemes and several others where there is significant doubt as to long term viability. Some of these properties are therefore classed as red and not suitable for immediate investment. NCC and NCH are presently working together on formulating a long term strategy for the investment of Sheltered accommodation across Nottingham looking at the variety of types of accommodation (including extra care) which will be required in the future. NCC are looking not only at NCC owned accommodation but also working with other RSL's to assess overall need in different parts of the City. The overall Sheltered Strategy will be agreed by 2009.

3.6 External, Communal and Environmental Works

These works consist of work outside of the houses and can include;

- Wall repairs
- Fencing and gates
- Door entry systems
- Communal lighting
- Communal areas
- Paving and kerbing

3.6.1 Boundary Treatments

The number one priority for tenants in Nottingham is safety and the vast majority of new schemes put forward from the Area Panels for environmental works involve reduction of criminal or anti-social behaviour. A large majority of these include fencing and boundary works.

There is however, an absence of a coherent approach to fencing within Nottingham. The current most prevalent style of fence in environmental schemes is the palisade fencing style. Although this type of

fence is relatively inexpensive to install and can be the correct option at times, there are some significant drawbacks.

The most potentially negative aspect of this is the visual impact of the cage type appearance, particularly when in proximity to housing. Short term crime prevention measures have therefore, not been ameliorated by good design, nor have the advantages been weighed against their adverse impacts.

There are a wide variety of styles and methods being used in other schemes. In regeneration schemes such as Highbury Vale, there are expensive low impact decorative steel fences. On the Decent Homes schemes there are a number of fencing methods including high timber fencing.

Not all of these examples have followed Secured by Design principals and in particular the advantages of incorporating natural surveillance.

Section 17 of the Crime and Disorder Act 1998 imposed new duties on a local planning authority to exercise its functions with due regard to both the likely effect on, and the need to do all it reasonably can to prevent, crime and disorder. The obligation to consider crime and security issues in formulating design policies and exercising development control functions is therefore paramount. Designing out crime and designing in community safety should be central to the planning and delivery of any new development or refurbishment project.

3.6.2 House Boundaries

Current practice is to provide a timber Nottingham style fence to the front of a Nottingham City Homes dwelling and to repair or maintain this to the same standard. In reality these fences are contributing to the poor appearance of the estate environments and are a short term fix.

We must balance the needs for quick impact security and low cost solutions with the reality that this does not address the underlying causes of the problems on our estates that must be addressed through medium to long term solution

3.6.3 Future Environmental Programmes.

There is circa £19 million available within the Decent Homes programme for External, Communal and Environmental Works. Nottingham has to develop a long term solution to the current problem of its boundary treatments. Investment decisions should be clear and planning decisions made on the basis of good design and sustainability.

- Places should have clear distinction between public, semi-private/communal and private space

- Sensitive placement and appropriate selection of physical barriers — gates, fences, walls and hedges — create safe places that are also attractive.
- High fences and landscape that actively impede access are most appropriate in places that are vulnerable to crime, such as the back of dwellings. However, such barriers must be visually permeable so as not to hinder natural or other forms of surveillance or provide places for offenders to hide.
- Lower barriers, hedges and bushes are also highly useful to signify the public/private divide.
- Hedges in front of houses create an effective barrier as well as an attractive environment, although they do provide opportunities for concealment if not maintained

Where the use of barriers is inappropriate, creative approaches to defining the boundaries between public, communal and private space may contribute to crime prevention. Landscaping can be used to make places safer as well as more attractive, provided it does not restrict natural surveillance. Thorny or prickly plants can help to protect property.

Crime depends upon concealment. Well used or overlooked streets and spaces make the criminal feel uncomfortable and exposed. Natural surveillance must be incorporated so neighbours should be able to see each other's houses, and where cars are parked outside (at front or back), owners should be able to see them too.

3.7 Stock database and Surveys

3.7.1 Keystone Asset Management Database

To enable the continued planning of necessary maintenance to the stock and to monitor progress towards Decency NCH requires a tool that enables data to be collected, and maintained constantly.

NCH has introduced an improved Asset Management Database to upgrade the information available for the delivery of the management of the assets. The Asset Management Database to carry out this task and used to the end of March 07 was Codeman 3. This became unsupported by the manufacturer in November 2006, and therefore NCC/NCH commenced a procurement process during the summer of 2006 to secure a new database.

The result of this process was the purchase by NCC of the Keystone Asset Management Database. NCC's Housing ICT Team and NCH's Asset Management Team built and implemented the systems.

The data held within the new system was initially survey data collected by Savills during summer 2006. This was a stock survey commissioned by NCC to check the updated position on the funding gap. This included a 10% stock survey with an additional 2,000 surveys to meet the requirements of the DH Programme giving a total of surveyed properties of 5,000 (17% Total)

The Savills data along with the Curtins Consulting Engineers data (for the Non Traditional property surveys) and cost projections have been included within the new data base, along with the works carried out on Nottingham's DH programme since 2005, some major kitchen and bathroom replacements contained within Iworld and information from the previous re roofing programme are being added.

Having now implemented the [Keystone] system it is anticipated that data to inform a 100% stock condition survey will be collected using Personal Digital Assistants (PDA). This data will help the asset team to drive the Decent Homes Programme and also target areas which require improved data, therefore improving accuracy of cost projections.

It is expected that this new database will be a tool for both NCC and NCH to use, and will generate all the cost forecasting and investment planning for the Asset Management Team. The information on possible programmes of work will then be taken to customers who can help prioritise where investment is made.

Initially the updating of Keystone will be through a supplied Keystone Generic Interface for bulk uploading of data. However it is planned that an automated interface will be supplied during the autumn of 2007 that will link to Northgate SX3 integrated Housing/Repairs/Planned Maintenance system to allow automatic updating on certain completed works.

Updating/Maintaining Keystone.

It is imperative to ensure that the Asset Management Database is constantly updated with those works that are completed on the stock. This in turn allows accurate predictions to be made on further works required.

To allow this to happen there will be a Phase 1 and Phase 2 to this process.

Phase 1

At the commencement of the process the Asset Team will continue to add data to the system on a monthly basis by inputting data from the following sources into the Keystone KG0070 spreadsheet and update this monthly.

In addition it has been agreed that to ensure that both the Integrated Housing Management System Northgate have the same stock numbers, reports will be run on the system by the I world project team, monthly (1st each month) and this data uploaded by them via KG0070.

- Data collected and input into Keystone.
- Responsive Repairs/Voids (only major replacements)

- Gas Installations/Replacements (boilers, heating systems)
- Adaptations (new bathrooms, kitchens)
- Major Voids
- Rewires
- Prior to Paint repairs Programme
- Decent Homes completions

Phase 2

A major part of this process is to ensure that all at NCH Technical use the Northgate system to hold records of all works being carried out on all work programmes.

This is work that is ongoing between the NCC Northgate Team and Asset Team within NCH. The target date for its completion is based on priorities within the Northgate team, however we are assured that by Autumn 2007 the necessary deliverables will be built within the Northgate system.

As part of this automation process the interface being built should also feed information back into Northgate from Keystone to allow NCC to report HIP & ENROSH etc.

The data to be included within the Northgate system will be –

- Responsive Repairs/Voids (only major replacements)
- Gas Installations/Replacements (boilers, heating systems)
- Adaptations (new bathrooms, kitchens)
- Major Voids
- Rewires
- Prior to Paint repairs Programme
- Decent Homes completions
- Regeneration Schemes (NCC)
- Major Capital Schemes (NCH)

Extrapolation & Extrapolation Groups within Keystone

Within Keystone the extrapolation groups are based on the data supplied following the Savills 17% stock survey. These groups are made up of various types of properties. An example of an extrapolation group would be – 2 bedroom traditional house 1965-74 located in the St Anns Lettings Area.

Since implementation, the database is being updated with new survey results of those groups that have only a small sample or indeed data that is considered to be questionable. The database extrapolation rules set by NCH during the implementation was to only extrapolate survey data and not completed

works data. This is considered as the most prudent way to project costs into the future, so not to underestimate required works to the stock.

3.7.2 Previous Stock Information

A 3.7% survey was undertaken in 2000, which gathered data on 13 main elements. The homes to be surveyed were selected from lists of properties in each of the eight principle District areas.

A 10% (3,297) housing stock condition survey was conducted over a five-month period between November 2001 and March 2002. The 10% quantity was chosen to provide a confidence level of 96%.

This data was then automatically cloned across the remaining 90% of the stock by Codeman, using the Beacon Archetype Reference Numbers as the first filter and Area Reference as the second filter. These spreadsheets provided condensed indicated element replacement costs and quantity summaries and indicated Decent Homes Standard Failure Statistics.

Codeman Updates

- The Codeman Asset Management System **was** updated manually in the majority of cases.
- Daily Updates: Removal of sold/demolished properties from the system.
- Monthly Updates: Day-to-day replacement elements to kitchens, bathrooms, external doors, rewiring, fences and gates. Loft and cavity wall insulation; roofing; new heating installations; boiler replacements.
- Updates when information is available: Capital projects, PTPR (Prior To Painting Repairs), "M" orders for replacement windows.
- Out-turn surveys of completed fire damage and 5K void repairs.
- New surveys of previously cloned properties.

In 2004/2005 Nottingham City Council carried out a mini Decent Homes Programme on 150 properties in the Central area of the City. This increased the overall overall stock survey level to 14.34%, however this level increased to about 20% to April 2005 with the completion of further properties on the Decent Homes Programme.

4 Decent Homes Investment

4.1 Investment Planning

This investment plan for Decent Homes is based on Nottingham City Homes gaining at least two stars and full funding provision following the forthcoming Audit Commission inspection in June 2008. This paper sets out the capital funding required to deliver Nottingham City Homes (NCH) Investment Programme. It highlights the principle issues influencing investment in the works programme.

Residents' priorities have been canvassed to ensure that the programme will be delivered in line with their wishes. The plan also sets out the principles and parameters within which NCH will deliver its promises of meeting decent homes and outlines the various procurement approaches considered by NCH and recommends the best option to meet the decency standard.

Affordability and quality are the central themes to this strategy. The proposed packages of work reflect NCH's Business Plan and ensure the investment programme is capable of meeting a modern standard of decency on time and to budget.

In working up the investment plan NCH has drawn upon the experience of consultants Savills with the intention of ensuring current best practice in the delivery of decent homes investment programmes for ALMO's and LSVT's across the country are incorporated into the report.

4.2 Investment to Sustainable Properties

Nottingham City Homes is currently managing a housing stock of circa 29,200 units. A 17% stock condition survey completed in 2006 by Savills indicated that approximately 35% of Nottingham City Council's total housing stock failed the Decent Homes Standard. Having used this data to populate the new Keystone Asset Management database these figures will be actualised during the full stock condition survey to be completed by 2010.

As discussed in 3.4 above NCC and NCH are working closely together to question the sustainability of around 10% of the current housing stock prior to any investment taking place.

4.3 Change from Timber to PVCu Windows

In order for the new profile to be affordable and to meet the residents' priorities for security, there needs to be a change of policy on window replacement within the Decent Homes programme.

Current Position

There are currently two different methods of window delivery in Nottingham.

- Nottingham Decent Homes and Prior to Paint – High Security Laminated Timber
- Nottingham Regeneration works – PVCu

Where timber is fitted on Decent Homes and Prior to Paint works, replacement only takes place where the window is rotten. High security windows are installed next to old single glazed windows. This does not therefore improve security to the whole house.

Costs

The current delivery method on the Decent Homes programme is for the timber laminated windows to be fitted by the main contractor within the full decent homes programme.

Changing all of the remaining non-internally double glazed windows under the programme with the current timber laminated window is estimated to cost around £72 million.

Changing the current delivery method and streaming the works outside of the main programme using PVCu windows and installing these by specialist contractors will reduce the cost. Changing all of the remaining non-internally double glazed windows under the programme using PVCu will cost around £35 million.

Outcome

Changing to PVCu and streaming the works will therefore meet the residents' needs on security and enable the whole of the remaining programme to be affordable. Residents also preferred PVCu windows due to their appearance and there being no need to paint the internal frames. The frames are also much lighter than timber helping installation from a Health and Safety viewpoint.

4.4 Capital Funding

Detailed analysis of the investment required to bring the housing stock to the NCH's decency standard indicates a total spend in the order of £243m, excluding contingency, aids and adaptations, asbestos removal, fire damage and modifications, management and survey fees, TV aerials, major voids, related assets and Curtins structural review.

The anticipated spend profile set out in Table 4 below will inform NCH's HRA business plan once negotiations with the Council are complete. Year 1 represents financial year 2008/09, but is at a reduced level due to ALMO funding not being available until after the Audit Commission July inspection.

Table 3 - 2008/9 – 2012/13 Investment Spend Profile

| Works | Year 1 2008/9 (£) | Year 2 2009/10 (£) | Year 3 2010/11 (£) | Year 4 2011/12 (£) | Year 5 2012/13 (£) | Totals (£) |
|---|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------|
| NCH Standard and Decent Homes Obligations (<u>Funding Requirements</u>) | £28.5m | £54.2m | £55.8m | £52.9m | £51.7m | £243m |
| ALMO CLG Bid Funding | £13.5m | £38.2m | £40.8m | £36.9m | £35.6m | £165m |
| Other Capital Programme Works | £15m | £14m | £14m | £12m | £11m | £66m |
| NCC Capital Programme | £30m | £30m | £29m | £28m | £27m | £144m |
| Total Capital Programme (ALMO CLG Bid Funding + NCC Cap Prog) | £43.5m | £68.2m | £69.8m | £64.9m | £62.7m | £309m |

The profile above will be subject to change as the programme develops although the overall five year totals will need to remain the same, subject to adjusted stock numbers. Further breakdown of anticipated spend profile is illustrated in tables 8 and 9.

The stock is broken down into the archetypes set out in Table 4 below:

Table 4 - Housing Stock by Archetype

| Archetype | Number |
|-------------------------------|--------|
| House/Bungalow – Pre 1919 | 880 |
| House/Bungalow – 1919 to 1945 | 7,388 |
| House/Bungalow – 1946 to 1964 | 3,580 |

| | |
|--------------------------------|---------------|
| House/Bungalow – 1965 to 1974 | 2,619 |
| House/Bungalow – Post 1974 | 3,992 |
| Flat/Maisonette – Pre 1919 | 162 |
| Flat/Maisonette – 1919 to 1945 | 475 |
| Flat/Maisonette – 1946 to 1964 | 1,339 |
| Flat/Maisonette – 1965 to 1974 | 5,668 |
| Flat/Maisonette – Post 1974 | 3,133 |
| Chalet 1965-1974 | 8 |
| Prefab 1965-1974 | 7 |
| Total | 29,251 |

Following analysis of the stock condition survey, the investment plan has been prepared setting out the level of investment required by element to meet the NCH standard of decency. NCH recognised the HM Government's Decent Homes Standard is relatively low and would be unlikely to meet tenant's aspirations. Following consultation with residents, a modern standard of decency will need to be agreed for NCH and would be known as the 'Nottingham City Homes Decent Homes Plus Standard'.

The investment requirements are summarised in Table 5 below:

Table 5 - Works by Element

| Work Description | Programmed Cost (£m) | Total Units (Houses) |
|--|-----------------------------|-----------------------------|
| Works to Meet the NCH Standard | Approximately | |
| Bathrooms | 25.1 | 12,700 |
| Heating Systems | 11.7 | 8,500 |
| Boilers | 24.6 | 11,200 |
| Kitchens | 72.5 | 17,000 |
| Electrics | 21.1 | 8,600 |
| Internal Other –Improvements, Smoke alarms, layout alterations etc. | 4.2 | 20,100 |
| Windows | 33.6 | 15,300 |
| External Doors | 2.5 | 3,500 |
| Roofing (inc. Chimneys) | 24.2 | 11,200 |
| Walls | 4.1 | 3,200 |
| External Other – Improvements, Paving etc. | 19.5 | All |
| Decent Homes Investment Programme | £243m | |
| Contingency | 5.0 | All |

| | | |
|-----------------------------------|----------------|-----|
| Aids and Adaptations | 10.5 | All |
| Asbestos | 8.7 | All |
| Fire Damage and Modifications | 6.0 | All |
| Management Fee and Surveys | 11.0 | All |
| TV Aerials | 1.5 | All |
| Voids | 15.0 | All |
| Related Assets | 6.5 | All |
| Structural Review | 2.0 | All |
| Total Investment Programme | £309.3m | |

The investment requirements are substantial involving repair and improvement works to varying degrees in all homes. As seen from the table, the majority of work required is internal but a significant number of properties require multiple internal and external component replacements.

The volume of work required is best illustrated by the number of key components requiring replacement over the five year period and their frequency in order to meet the investment need as set out in Table 6 below

Table 6 - Frequency of Key Component Replacement

| Element | No. per Month (Properties) | No. per Week (Properties) | No. per Day (Properties) |
|-------------------------|----------------------------|---------------------------|--------------------------|
| Kitchens | 285 | 71 | 14 |
| Bathrooms | 212 | 53 | 11 |
| Electrical Re-Wires | 144 | 36 | 7 |
| Central Heating Systems | 94 | 24 | 5 |
| Boilers | 187 | 47 | 9 |
| Windows | 255 | 64 | 13 |
| Doors | 59 | 15 | 3 |

Significantly lower capital expenditure requirements post 2012

Table 7. 2008/9 – 2012/13 Investment Spend Profile

| Works | Year 1 2008/9 (£) | Year 2 2009/10 (£) | Year 3 2010/11 (£) | Year 4 2011/12 (£) | Year 5 2012/13 (£) | Totals (£) |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| NCH Standard and Decent Homes Obligations | £28.5m | £54.2m | £55.8m | £52.9m | £51.7m | £243m |
| ALMO CLG Bid Funding | £13.5m | £38.2m | £40.8m | £36.9m | £35.6m | £165m |

| | | | | | | |
|--------------------------------|---------------|--------------|---------------|---------------|---------------|--------------|
| Other Capital Programme Works | £15m | £14m | £14m | £12m | £11m | £66m |
| NCC Capital Programme | £30m | £30m | £29m | £28m | £27m | £144m |
| Total Capital Programme | £43.5m | £682m | £69.8m | £64.9m | £62.7m | £309m |

4.5 Decent Homes Fee Percentages

Fees will be greater for the first two years due to survey and setting up costs associated with large capital programmes

Table 8 - 2008/9 – 2012/13 Management Fee %'s

| Works | Year 1 2008/9 (£) | Year 2 2009/10 (£) | Year 3 2010/11 (£) | Year 4 2011/12 (£) | Year 5 2012/13 (£) | Overall Totals (£) |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| NCH Standard and Decent Homes Obligations | £ 28,500,000 | £ 54,200,000 | £ 55,800,000 | £ 52,900,000 | £ 51,700,000 | £ 243,100,000 |
| Surveys | £ 2,000,000 | £ 2,000,000 | £ 20,000 | £ 20,000 | £ - | £ 4,040,000 |
| Management | £ 750,000 | £ 1,086,000 | £ 1,086,000 | £ 1,086,000 | £ 800,000 | £ 4,808,000 |
| Support Services | £ 250,000 | £ 250,000 | £ 150,000 | £ 100,000 | £ 50,000 | £ 800,000 |
| Fee Total | £ 3,000,000 | £ 3,336,000 | £ 1,256,000 | £ 1,206,000 | £ 850,000 | £ 9,648,000 |
| % of DH Spend | 10.53% | 6.15% | 2.25% | 2.28% | 1.64% | 3.97% |

4.6 Programme Planning

4.6.1 General Considerations

To ensure the level of investment in NCH's homes is delivered on time, in the right place and remains affordable, there must be sufficient flexibility built into the arrangements to allow a number of different

contractors to work in partnership with NCH within a long term framework. In developing that approach, consideration was given to:

- NCH Delivery Plan;
- Mapping the investment required to each of NCH's management areas;
- The existing contractors deployed on decent home works and the optimum packages of work to be tendered to secure best value for money;
- The capacity and skills of the in-house project management team.

4.6.2 The Local Investment Planning Process

In order to maximise best value from procurement it is important for NCH to understand and articulate what it is procuring through its decent home investment plan:

- what construction works are required;
- to which properties;
- in what works packages;
- in which years.

Using this knowledge, NCH can deliver a programme allowing the most cost effective delivery solutions to be priced. Informing Contractors of anticipated scale, frequency, scope of works and geography allows the Constructor to price accurately.

4.6.3 Property groupings

The total NCH housing stock was divided up into 20 geographical investment areas and designated archetypes such as sheltered units, non traditional properties and high rise with clear definable boundaries in order to enable:

- NCH standard improvement works to be targeted;
- Investment to be targeted at sustainable stock;
- Works to be programmed on an equitable basis (giving as many people as possible benefit from investment);
- Residents aspirations to be met;
- Manageable contracts to be let;
- Works to be efficiently programmed over the programme period;
- Disruption to be minimised;
- Neighbourhood regeneration to be maximised;
- Decent Homes targets to be met by 2012/13.

An analysis of the works required in each of the 20 investment areas to be managed by NCH was carried out to determine the volumes of work required in each of those areas, the regularity of those works within each area and the decency failure within each area. This calculated approach to investment planning has determined the most efficient package of work and the optimum frequency and timing of element replacement in each area.

The process has produced an investment plan that will enable on-going tenant consultation on the level and timing of the proposed works and allows for any future alterations to the programme as the needs of NCH may change over time.

4.6.4 Detailed Area Planning and Investment Sustainability

NCH's 94 recognisable lettings areas were analysed against the following criteria to establish the investment need within each of those areas:

- Housing demand
- Sustainability
- Property Type
- Tenant / Leaseholder / Owner Occupier mix
- Works required – identified from the Stock Condition Survey
- Offer Document and Decent Homes obligations
- The frequency and timing of combined components needing replacement
- Energy efficiency

The above points show the basis for investment and collectively give the overall Planning Rules to be used in deciding investment priorities.

Whilst it is apparent that most homes in NCH will require some work to bring the entire stock up to NCH decency standards, not every home will require all elements. In order to deliver a programme that is both affordable and meets NCH's Business Plan, it is necessary to apply a clear set of investment rules to decide when each element will be replaced.

4.6.5 Works Programmes

Summary of the Works Programme

Year One (October 2008 to March 2009)

A reduced work volume has been programmed for year 1 to reflect reduced timescale i.e. six not twelve months and mobilisation of the contractors. A further change in the programme will occur if the funding

is delayed. Whilst individual components have been counted in preparing the first year's programme, it is likely most homes will require two or more components replaced in order to meet the NCH Standard.

Table 9- Years 1 to 3. Annual Spend Profile and Property Counts for each of the Main Building Elements

| Work Description | Work Package | Year 1 | | Year 2 | | Year 3 | |
|------------------------------------|----------------|-------------|-------|-------------|-------|-------------|-------|
| | | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes |
| Bathrooms | Internals | 3.5 | 1780 | 5.2 | 2610 | 5.5 | 2770 |
| Kitchens | Internals | 10.2 | 2400 | 14.9 | 3500 | 15.8 | 3700 |
| Electrics | Internals | 3.0 | 1210 | 4.3 | 1780 | 4.6 | 1870 |
| Internal Other | Internals | 0.6 | 2830 | 0.9 | 4130 | 0.9 | 4380 |
| Heating | Heating | 1.6 | 1180 | 2.5 | 1830 | 2.5 | 1830 |
| Boilers | Heating | 3.4 | 1560 | 5.3 | 2410 | 5.3 | 2410 |
| Windows | Security | 3.3 | 1480 | 15.2 | 6910 | 15.2 | 6910 |
| External Doors | Security | 0.2 | 340 | 1.1 | 1580 | 1.1 | 1580 |
| Roofing & Chimneys | Roofing | 0 | 0 | 0 | 0 | 0 | 0 |
| Walls | Internals | 0.6 | 450 | 0.8 | 650 | 0.9 | 700 |
| External, Communal & Environmental | Ext, Con & Env | 2.1 | 3170 | 4.0 | 5920 | 4.0 | 5920 |
| Total Investment Programme | Totals | 28.5 | | 54.2 | | 55.8 | |

Years Two to Five (Commencing April 2009)

The full scope of the programme will continue to be refined but works undertaken from the second year will be a transition to a stable and regular programme for windows and doors, heating, internals improvements and external/communal/environmental works. By the end of Year Three, the window and door programmes will be complete and roofing programme will commence. The heating, internal programme and external/communal/environmental works will cover the full five-year period. This is best illustrated in the table below:

Table 10 - Years 4 to 5. Annual Spend Profile and Property Counts for each of the Main Building Elements

| Work Description | Work Package | Year 4 | | Year 5 | | Total | |
|------------------------------------|----------------|-------------|-------|-------------|-------|--------------|-------|
| | | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes |
| Bathrooms | Internals | 5.5 | 2770 | 5.5 | 2770 | 25.1 | 12700 |
| Kitchens | Internals | 15.8 | 3700 | 15.8 | 3700 | 72.5 | 17000 |
| Electrics | Internals | 4.6 | 1870 | 4.6 | 1870 | 21.1 | 8600 |
| Internal Other | Internals | 0.9 | 4380 | 0.9 | 4380 | 4.2 | 20100 |
| Heating | Heating | 2.5 | 1830 | 2.5 | 1830 | 11.7 | 8500 |
| Boilers | Heating | 5.3 | 2410 | 5.3 | 2410 | 24.6 | 11200 |
| Windows | Security | 0.0 | 0 | 0.0 | 0 | 33.6 | 15300 |
| External Doors | Security | 0.0 | 0 | 0.0 | 0 | 2.5 | 3500 |
| Roofing & Chimneys | Roofing | 12.1 | 5600 | 12.1 | 5600 | 24.2 | 11200 |
| Walls | Internals | 0.9 | 700 | 0.9 | 700 | 4.1 | 3200 |
| External, Communal & Environmental | Ext, Con & Env | 5.4 | 8080 | 4.1 | 6150 | 19.5 | 29240 |
| Total Investment Programme | Totals | 52.9 | | 51.7 | | 243.1 | |

Note: Not all work elements will be required in the same dwellings

Table 11 - Years 1 to 5. Annual Spend Profile and Property Counts for each Work Package

| Work Package | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | | Total | |
|-----------------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|--------------|-------|
| | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes | Cost £M | Homes |
| Windows & Doors | 3.5 | 1480 | 16.3 | 6910 | 16.3 | 6910 | 0.0 | 0 | 0.0 | 0 | 36.1 | 15300 |
| Internals | 17.9 | 2400 | 26.1 | 3500 | 27.7 | 3700 | 27.7 | 3700 | 27.7 | 3700 | 127.0 | 17000 |
| Heating | 5.0 | 1560 | 7.8 | 2410 | 7.8 | 2410 | 7.8 | 2410 | 7.8 | 2410 | 36.3 | 11200 |
| xt, Com & Env | 2.1 | 3170 | 4.0 | 5920 | 4.0 | 5920 | 5.4 | 8080 | 4.1 | 6150 | 19.5 | 29240 |
| Roofing | 0 | 0 | 0 | 0 | 0 | 0 | 12.1 | 5600 | 12.1 | 5600 | 24.2 | 11200 |
| Total | 28.5 | | 54.2 | | 55.8 | | 52.9 | | 51.7 | | 243.1 | |

5. Repairs and Maintenance

5.1 Delivery

The aim of the Asset Management Strategy is to reduce long term repairs and maintenance costs through targeted investment and the implementation of pro active planned repair programme.

The key drivers for the delivery of Repairs and Maintenance will be as follows

- Customer Focus – through our consultation platforms
- Value for Money – through thorough market testing of the service
- Quality – driven by service standards and performance management
- More planned works/less responsive – pro-active planned programmes
- Excellent gas servicing – maintaining our class leading service

Repairs and Maintenance is currently delivered by the in-house Contract Services team to pre defined Service Standards. This work is currently in the process of large scale tender.

Table 12 – Current Revenue Programme 2007/08

| NCC Revenue Expenditure 2007-08 | |
|---|-------------------|
| | Cost |
| Repairs (NCC) | |
| Standby | 778,800 |
| Gas Repairs | 1,480,580 |
| Day 2 Day Homewatch Servicing | 460,000 |
| Day 2 Day Window Replacement | 560,000 |
| Day 2 Day Major Electrical | 1,550,000 |
| Day 2 Day Legal Referrals | 90,000 |
| Day 2 Day Renewals & Responsive | 5,741,650 |
| Day 2 Day Surveyed | 380,000 |
| Day 2 Day Voids | 5,638,250 |
| Day 2 Day Programmed Environmentals | 500,000 |
| | 17,179,280 |
| Management Fee (NCH) paid against managing these budgets | |
| Burglar Alarms | 8,240 |
| Warden Aided Boiler Maintenance | 20,760 |
| District Heating | 160,040 |
| CCTV Door Entry Maintenance Contract | 214,590 |
| Water Hygiene | 75,790 |
| CCTV Door Entry Repairs | 88,000 |
| Lightning Conductors | 5,000 |
| Diamond Cable | 65,000 |
| Maintenance | 64,600 |
| Internal Decorations | 101,860 |
| Emergency Lighting | 179,260 |

| | |
|---------------------------|-------------------|
| Fire Alarms (High Rise) | 60,000 |
| Homewatch Maintenance | 150,000 |
| Gas Servicing | 2,863,740 |
| Prior To Painting Repairs | 2,334,890 |
| External Painting | 1,151,170 |
| Solid Fuel Servicing | 27,000 |
| | 7,569,940 |
| | |
| Total Revenue | 24,749,220 |

5.2 Planned - Responsive Split

In 2006/07, circa 45% of work in a pre-planned way, with the remainder being commissioned reactively. Our aim is to increase the planned work proportion to a 60% 40% split over the coming years.

Table 13 – 5 Year Planned - Responsive

| | 2007/08 | 2008/09 | 2009/10 | 2011/12 | 2012/13 |
|-------------------|---------|---------|---------|---------|---------|
| Planned | 45 | 48 | 53 | 57 | 60 |
| Responsive | 55 | 52 | 47 | 43 | 40 |

The new contract for Responsive Repairs once let will be underpinned by new service standards and performance criteria. Driven by this, there will be a reduction in the numbers of responsive repairs undertaken over the next five years and more planned works will be undertaken. This will be done by looking at long term repairs trends and establishing programmes in areas of greatest need and by the introduction of large scale capital schemes such as the Decent Homes programme to improve the physical condition of the stock.

Work has already started on these planned programmes with planned pilot schemes in areas identified by tenants inspectors being the first to benefit. This change from reactive to active repairs is already having an impact upon the estates. The most recent tenant inspection showed improvements in most of the areas targeted within the pilot scheme.

Table 14 – Tenant Inspections – September 07

North Operational Unit

| Estate | June 2007 | Sep 2007 | Dec 2007 | Mar 2008 |
|--------------|-----------|----------|----------|----------|
| Bulwell Hall | ** | ** | | |
| Leen Valley | * | * | | |
| Edwards Lane | ** | ** | | |

| | | | | |
|----------------------|----------|-----|--|--|
| Crabtree Farm | No stars | * | | |
| Snapewood | * | * | | |
| Bulwell | ** | ** | | |
| Highbury Vale | ** | ** | | |
| Bestwood Park | *** | *** | | |
| Top Valley | * | * | | |
| Bestwood | No stars | TBC | | |
| Kingsthorpe Close | No Stars | TBC | | |
| Sherwood | *** | *** | | |
| Heathfield | ** | ** | | |
| Mapperley | *** | *** | | |
| Whitemoor | ** | TBC | | |

South Operational Unit

| Estate | June 2007 | Sep 2007 | Dec 2007 | Mar 2008 |
|---------------------|-----------|----------|----------|----------|
| Clifton - General | * | ** | | |
| Nobel Road | No Stars | ** | | |
| Meadows | * | ** | | |
| Lenton | * | ** | | |
| St.Anns | * | TBC | | |
| Marmion Road | No stars | No stars | | |
| Sneinton | No stars | No stars | | |
| Bakersfield | N/A | * | | |
| Colwick | N/A | No stars | | |
| Cardale | N/A | No stars | | |

Pilot Schemes

5.3 Value for Money

The Repairs and Maintenance service is being market tested for value for money by procuring the service through the OJEU (Office of the European Journal) procurement process. The contract will be let by the City Council with involvement from NCH as 'active client'. The new contract will be let by NCC with NCH acting as managing agents.

5.4 Repairs and Maintenance Principles

The need to undertake work arises either through pre-planning, or in reaction to immediate requirements. Whilst budgets for 'reactive' works (not pre-planned) can be set in advance, the precise scope and nature of the works required cannot be defined in terms of scope, location or quantity. NCH's responsive and void works budgets fall under the 'reactive' category, whereas all other work is pre-planned.

The requirement for improvements or planned maintenance (component renewals) is also derived from the Asset Management Database, which has been informed by the stock condition survey.

5.4.1 Responsive Repairs

Responsive repairs are minor issues that arise on a day-to-day basis. They include work such as fixing a plumbing leak, or re-fixing a loose roof tile.

In some circumstances larger repairs are instructed through this budget; although NCH recognises the need to avoid 'double counting' with the projections made under other budgets. Repairs that are not our responsibility or which arise through the unreasonable actions of a third party will be recharged accordingly.

We will minimise the amount of works undertaken through ad-hoc responsive repairs. Therefore no major works or component renewals should occur via this budget (unless they represent an unforeseen and significant health and safety issue), in favour of adding such works to large scale planned contracts.

Through better process mapping we aim to let more works in a pre-planned way, thus moving works away from a responsive approach. This will encourage better value for money through savings in economies of scale; consistency of product and standards will also be improved through adherence to the Nottingham Standard and the robust monitoring processes that apply to pre-planned contracts.

To ensure that undue expenditure is avoided and that records are appropriately maintained, we are aiming to provide the responsive and void team with read-only access to the condition data and the programmes of work that are being derived from it. We are currently implementing the Planned Maintenance Module associated with our HMIS, Northgate SX3, and this will also be available to the responsive and void team. The provision of both stock data and the planned maintenance module should enable them to make rational decisions about the requirement to undertake repairs and gives the ability to advise a tenant (or prospective tenant) that works will be undertaken within a defined time period.

To encourage efficiency and a better service NCH is currently in the process of competitively tendering the responsive repairs contract. Presently these works are undertaken by Nottingham City Homes Internal DLO that transferred with the ALMO.

5.4.2 Void Works

Void works typically arise when there is a change of tenancy. They include statutory testing of gas and electrical systems, as well as the works required to make the property fit for incoming tenants.

NCH wishes to minimise the amount of time that any dwelling is unoccupied in order to provide homes to those waiting faster and to maximise revenue income. Therefore turn-around times should be as short as possible

Joint Voids Team

In July 2007 a joint team drawn from property services and area housing offices was set up to improve the voids performance

The goals of the joint voids service are shown below;

- To reduce the average relet time whilst providing properties of a high quality
- To reach middle quartile position for BV212 by 2008/09
- To increase customer satisfaction to 90% by 2008/09
- To reduce the number of void properties by 20% by 2008/09
- To reduce average void repair costs by 8% by 2008/09

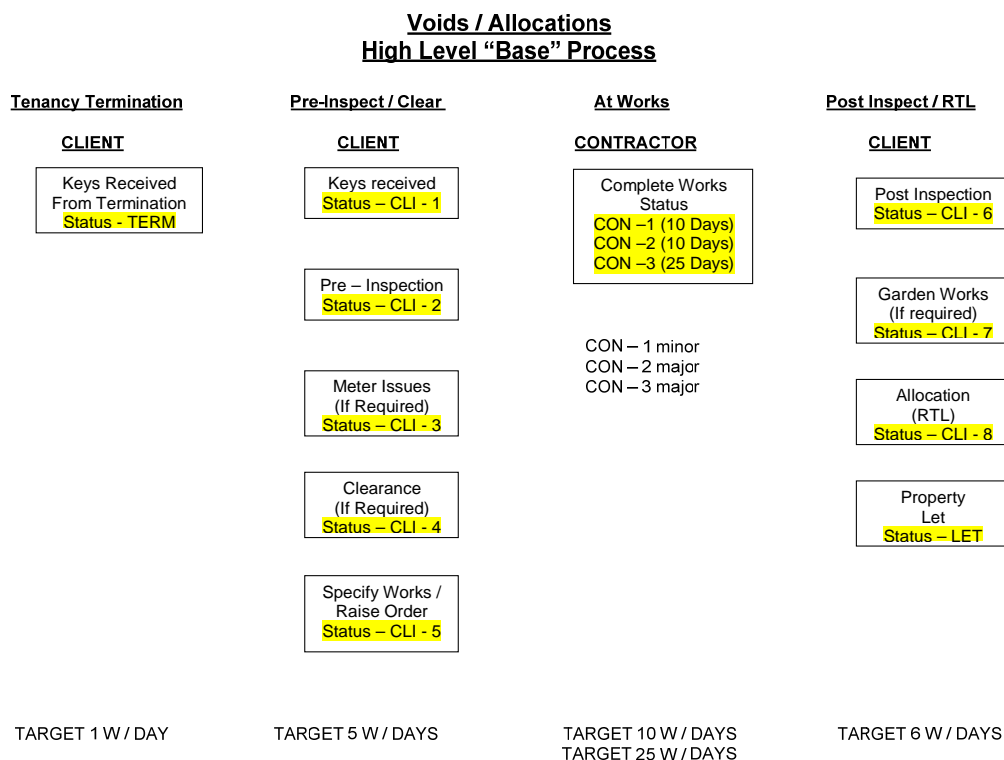
Current situation is as follows:

- Since March 2007 reduction in void numbers by 8.6% - highest reductions since July when new central team set-up
- 22.9% reduction in void rate over 6 months – now at 138
- Total lettable voids at 553 (but this includes NEAT (Nottingham Emergency Accommodation Team) ,SAS (Special Accommodation Service), regeneration, SOFAs (Stock Option Feasibly Appraisal) & decants in use). To agree 'workable voids' numbers
- Voids in decom, regen, SAS, NEAT, decant, sheltered being reviewed to establish progress & submit recommendations & agree strategies
- Average repair costs at £2,658 Apr 07
- Average repair costs at £2,250 Aug 07

Further improvements are being implemented by the team, these include:

- High Level "Base" Process from October
- Review of Lettable Standard - pilots
- Re-launch of Pre-termination visits from October
- Vision Management introduced - new tenants during August
- Review of all procedures within voids & lettings service – prioritised plan. High impact first
- Void Standard being developed

Table 15 – Void Process



Void Standards

The extent of works undertaken is defined within the Lettable Standard that is being reviewed at the present time by our customers.

During the void period essential tests and works will be undertaken to ensure that the dwelling is statutorily fit, safe, clean and that any residual rubbish has been cleared (subject to the recharge of the former tenant).

The void period will not be used as an opportunity to accelerate works to a dwelling, as costs for one-off works are less efficient than larger pre-planned contracts. Moreover, we wish to avoid disadvantaging existing or neighbouring tenants who would not receive required works at the same time.

Unless required for reasons of health and safety major works or component renewals shall not be undertaken during a void period and will be added to a pre-planned programme of similar works that benefit the entire neighbourhood in an even-handed way, rather than ‘pepper-potting’ works to suit re-letting. This will also help to reduce void periods. Where appropriate, the void period may be used to undertake catch-up works previously declined by the former tenant.

Incoming tenants will be given information about forthcoming programmes of work and improvements to their homes.

To help support new tenants, NCH offers a decoration voucher scheme, whereby tenants may obtain materials from local suppliers to improve the internal decorative order of their homes.

5.4.3 Cyclical Maintenance

Cyclical maintenance comprises the regular servicing of mechanical and electrical plant (e.g. boilers) and painting together with pre-painting repairs.

NCH is tendering Responsive repairs and will be including Gas Servicing and Repairs in the contract. .

The prior to painting repairs (PTPR) and repainting has been included in the re-tender package for the responsive and void works mentioned in the previous section. In respect of redecoration works, two areas are involved:

- External parts (e.g. windows and render);
- Internal common parts (i.e. common stair lobbies);
- After April 2008 the PTPR will be driven by the Decent Homes Programme to direct the areas to have works carried out in line with the overall investment plan.

Other cyclical type work is undertaken under servicing agreements with specialist suppliers and we are reviewing these in terms of value for money and the service provided to tenants. We are proposing as part of our future procurement plans where not captured by the current tender, to have in place a series of measured term partnering contracts (MTC) to provide the required works over a number of years. This will provide a more efficient procurement solution and provide value for money for this type of service.

5.5 Revenue Resources Table 16 – Future Revenue Resources

| Year | Revenue Expenditure |
|--------------|---------------------|
| 08/09 | 24,000,000 |
| 09/10 | 24,000,000 |
| 10/11 | 24,000,000 |
| 11/12 | 24,000,000 |
| 12/13 | 24,000,000 |
| 13/14 | 24,000,000 |
| Total | 144,000,000 |

6 Investment Drivers

6.1 The Nottingham Decent Homes Plus Standard

The Nottingham Decent Homes Plus Standard identifies the scope of works to be undertaken for achieving decency and ensuring sustainability for the housing stock. A summary of the Standard is shown below this will include the following elements –

- Windows/Door Replacements
- Heating Replacement/Upgrade
- Rewires
- Kitchen replacement
- Bathroom Replacement

The criteria for each element replacement will be as follows –

- Windows/Door Replacements - Windows when not double-glazed Secured by Design, doors when they fail on condition replaced with Secure by Design composite door and frame.
- Heating Replacement/Upgrade – When heating is not fully programmable, boilers on age.
- Heating Circulation - condition, and not tied to Decency Rules regarding 2 out of 3 components (other components)
- Rewires – Part rewires will be completed each time a kitchen or bathroom is replaced. Full rewire only on condition.
- Kitchen replacement – Replacement on Condition only and not tied to Decency Rules regarding 2 out of 3 components (other components)
- Bathroom Replacement - Replacement on Condition only and not tied to Decency Rules regarding 2 out of 3 components (other components)
- Loft Insulation – Will be topped up if less than 200mm in thickness

6.2 Secured by Design

Secured by Design is the UK Police flagship initiative supporting the principles of 'designing out crime' by use of effective crime prevention and security standards for a range of applications. It is essentially a new build specification but like Lifetime Homes, principles can be applied to refurbishment contracts

Secured by Design supports one of the Government's key planning objectives - the creation of secure, quality places where people wish to live and work. The standards listed here are those currently identified by ACPO CPI for Secured by Design "Police Preferred Specification" licenses.

The standard which our window manufacture and installations will comply to is as follows:

- BS: 7950: 1997. Specification for enhanced security performance of casements, tilt/turn windows for domestic applications.
- BS 7950 must be supported by performance standards relevant to the materials used:
- BS 7412:1991 Specification for plastic windows made from PVC-U extruded hollow profiles.

The standard which our door sets will comply to is as follows:

- BS: PAS 23-1: 1999 General performance requirements for door assemblies. Part 1, single leaf, external door assemblies (including all material relevant annexes). A performance standard for door sets, which certifies that a particular door set is fit for purpose. The security rating is not sufficient for police/insurance purposes and products must also have PAS24.

Secured By Design Environmental Improvements

As part of the 5% environmental element (Decent Neighbourhoods) of the Decent Homes programme, there will be opportunities for improving community space. Secured by Design will again be a key tool in the design and implementation of this scheme. The involvement of existing residents should feature in the implementation of Secure by Design (SBD) guidelines. The residents will have first-hand experience of the crime risks and the practicality of any proposed security improvements. It will be essential that all elements of the Environmental works will be done in collaboration with the NCC regeneration planning programme

6.3 Lifetime Homes

The aim of Lifetime Homes is to make life as easy as possible, for as long as possible because they are thoughtfully designed. They are homes for everyone and bring benefits to anyone who lives in them because of the individual choices that they make possible. The flexibility and adaptability of Lifetime Homes accommodate life events quickly, cost-effectively and without upheaval.

6.3.1 Benefits

The benefits can be assessed under the following headings:

Adaptations:

A reduction in the provision of money for works to existing stock to housing association properties means that more housing associations and their tenants are turning to the Disabled Facilities Grant system. This, coupled with increased numbers of disabled and older people in the other housing sectors in our communities, puts greater demands on local authorities' Disabled Facilities Grant budget.

Better stock management:

As the homes meet the needs of a broader client base - disabled people, non-disabled people and

older people - there is more effective use of resources and void periods are cut.

Social Services:

As Lifetime Homes are designed to meet changing needs, people are able to remain at home and live independently for longer. There is less likelihood of people being placed in nursing homes prematurely.

The prospect of moving house can be a very traumatic period, particularly for those who are coming to terms with impairment acquired through accident, illness or age. Demands on support services could be reduced if the person did not have to cope with so many changes at once.

Long-term community benefits:

With recent legislative changes there is a greater duty on local authorities to meet the needs of the community in which they serve. Lifetime Homes have benefits which impact across departments and agencies. The fact that older and disabled people do not have to move unless they choose to, adds to the social cohesion of a community.

The Lifetime Homes Standard is essentially a new build scheme, however some of the 16 standards can be applied to refurbishment without a significant impact upon cost and the general theme of sustainability within the home is an excellent principle for the Decent Homes scheme to follow.

6.3.2 Lifetime Homes improvements

Under the forthcoming Decent Homes scheme in Nottingham we will incorporate the following:-

- To facilitate future lifetime ease of use; where a rewire is being undertaken electrical sockets and switches are located for ease of use at between 450mm and 1250mm.
- Where kitchen alteration involves the demolition of the kitchen/living room wall and pantry wall to create an open-plan layout, the new internal kitchen door that is fitted complies with D.D.A. Regulation and Lifetime Homes standards with regard to the doorway width.
- Where appropriate and under the guidance of NCC Occupational Therapist, each kitchen and bathroom is adapted to suit the customer's needs.
- The external security doors installed under the decent homes scheme are all fitted with low thresholds suitable for wheel chair access.
- All baths have grab handles incorporated in the design for ease of use.
- Lever taps are fitted to all sinks and baths as standard; this assists all customers especially the young, disabled and older residents.
- Extra long handles can be fitted to doors where tenants have had difficulty in gripping and lifting the standard handle. These handles can be fitted in future to all doors when necessary and as required.

- If an existing wall divides the bathroom/w.c. – where appropriate and with the customers consent, the wall is removed to form a larger bathroom area.
- In order to improve access to the rear door; external lighting is installed above the doorway.
- Where stair lifts have been installed to properties and this causes an obstruction to the door opening; an outward opening doors is installed.
- Non-slip flooring is incorporated in the bathroom to assist in the prevention of slipping.

In addition to this, our partners are aware that they are often the first port of call for residents and at the survey stage each customer is asked the questions below.

- Do you have any medical conditions or disability issues?- If so what are they?
- Do you have any adaptations or disability equipment?- If so what are they?

Ongoing consultation is carried out with NCC to resolve customer adaptation issues.

6.4 Heat Loss

The % proportion of heat loss through different elements of the building envelope is shown below along with a brief summary of how NCH are dealing with this loss ;

- Walls 35% - NCH will ensure that all properties with hollow walls will have cavity wall insulation by 2013
- Roof 25% - All properties will have the minimum 50mm insulation by 2013 but many will have 200mm. All may be brought up to the 200mm standard depending upon later affordability calculations
- Floors 15% - Where vinyl flooring is laid (kitchens and bathrooms) plywood will be used to insulate and level the flooring
- Draughts 15% - All properties will have fully insulated doors where replaced by 2013.
- Windows 10% - All NCH properties will have double glazed SBD windows where replaced by 2013/ Around 60% will have energy efficient Pilkington's K glass

6.5 Water Efficiency

Despite recent instances of flooding in parts of the UK, water shortages are likely to become more common, and just because areas flood does not mean there is too much water overall. We are experiencing unpredictable amounts of rainfall due to global warming. This means an excess of rain can cause problems in some areas, while in others, there is not enough water and it has to be imported. Where flooding does occur, it is often intensified as so many of our natural ways of dealing with run-off (porous soil, reed beds etc) have been built on and there is nowhere for the water to go.

These problems can be alleviated during Decent Homes refurbishment in several ways:

- Installing water-reducing appliances such as low usage flushing systems - The Decent Homes programme will use a maximum 6 litre cisterns as standard.
- Installing water-recycling units – One of the opportunities within the scheme is when drainpipes are replaced, simple provision can be made for waterbutts to be added at any time by the customer where appropriate. This can be followed with low cost opportunities for tenants to purchase water butts.

6.6 Housing Health and Safety Rating System

Homes in poor condition damage the health of those who live in them and can undermine the sustainability of neighbourhoods. In 2006 came the introduction of the Housing Health and Safety Rating System (HHSRS), The HHSRS will take the place of the current fitness standard to determine decency.

The implications for decent homes delivery are summarised below;

- The HHSRS (Part 1 of the Housing Act 2004) came into effect on 6 April 2006.
- Documents setting out the HHSRS legal framework and guidance was published in November 2006.
- HHSRS replaces the 1985 Act fitness standard. The Decent Homes Standard will now require homes to be free of category 1 hazards.
- Landlords are not required to carry out full HHSRS surveys of their stock in order to demonstrate compliance. However HHSRS should be taken into consideration in Stock Condition Surveys.

Although the HHSRS has been designed as an enforcement tool for local authorities, it is possible to use the system as part of sample stock condition survey to inform stock investment and condition decisions, including Decent Homes (in much the same way that the Fitness Standard is currently used). NCH is capturing this within its 100% stock survey and will use the data within the Stock Management System. The 2000 guidance on Collecting, Managing and Using Housing Stock Information recommended that authorities currently planning or about to undertake a stock condition survey should consider collecting indicative information on the HHSRS as part of that process for future monitoring. NCH will now pick this requirement up as part of the NCH Surveying Programme for incorporation into the Keystone database.

6.7 Improving Energy Efficiency

NCH believes that all residents have a right to affordable warmth and that the environmental impact should be reduced by the utilisation of energy efficient materials.

Where reasonable to do so, we aim to improve the stock to the maximum possible SAP score via the use of efficient heating and effective insulation.

NCH aims to increase the energy rating (SAP) of all stock. The stocks current energy rating is 71.24. We aim to continue to improve this level of performance with initiatives such as the affordable warmth programmes and other framework agreements including work on Decent Homes and other planned and responsive programmes. The selection of energy efficient materials is defined in the specification of products to be used and these will be consolidated within the proposed Nottingham Standard. They include for example:

The installation of full gas central heating (electric where no gas available);

- The use of efficient condensing boilers (Sedbuk A);
- The installation of double glazing – (presently where individual windows fail, in the future all per property)
- Cavity wall insulation where possible;
- The improvement of loft insulation to 250mm thickness; and
- Proper insulation of hot water cylinders and pipework.
- Installation of 28 watt 2d enclosed lights within the kitchen and bathrooms

In addition NCH will encourage the use of low energy light fittings and provide residents with energy saving ideas via newsletters, web-site and other information sources.

In line with the Energy White Paper 2007, NCC with NCH will be considering the impact of Energy Performance Certificates and will be looking to incorporate these EPC,s into its survey programme. NCC have arranged be part of the trial and surveys have been undertaken on properties in the Aspley, Bells Lane and Broxtowe areas of the City. The results have meant 409 surveys carried out with an additional 715 cloned properties giving an EPC total of 1124 certificates to be generated.

On completion of the survey works and outputs generated NCC and NCH will work together and plan how best to build a process that will meet the proposed scheme due October 2008, whilst using the data to assist in the investment planning process.

6.8 Construction Legacy in Housing - Employment and Training

NCH will ensure that opportunities for the extension of the skills base within Nottingham is maximised by the Decent Homes Programme. The incoming investment will enable training and development opportunities both within NCH and the Council and through the private sector via the Contract Partners.

City Wide Training

The unprecedented labour and skills shortage facing the construction industry is well documented. Recognising that the industry is under pressure because of labour and skill shortages, NCH wishes to mitigate this by encouraging its Decent Homes contractors to participate in a co-ordinated approach to training and employment, and extend the current Decent Homes training facilities. The proposed “City Wide Training” scheme will offer local people contracts of employment and free training to NVQ Level 2

Partner Contributions

A central part of the project is to use procurement leverage (within EU regulations) to encourage employers to participate. Even within the current Decent Homes phase 1 scheme, all Decent Homes contract partners have indicated a willingness to participate in this programme. The target is a minimum of 200 training places provided within the 5 year programme.

At least 200 unemployed people therefore, many from the Nottingham’s most deprived areas will be recruited, employed and trained. They will undertake work-based learning and training that will enable them to enter the labour market. The programme will offer an opportunity to go beyond merely placing a few trainees with a contractor for the duration of a contract. The intention is to place trainees appropriately and on a number of contracts, according to their needs, skills levels and experience throughout the duration of their traineeships. For instance, any one contract might accommodate general operative trainees at the start of the work who will gain experience in, say, ground-works, concreting, steel-fixing and drainage and they will be replaced as the building project progresses by bricklayers then joiners. This approach will maximise the number of trainees benefiting from engagement in individual contracts and it is expected that a trainee will work on a number of projects during the period needed for them to achieve NVQ Level 2 qualifications.

The scheme will also include aspirational targets for the inclusion of female and BME trainees within the programme.

6.9 Energy and Recycling

NCH and our partners are improving energy efficiency measures within the Decent Homes Programme throughout Nottingham. One of our partnering objectives is to achieve sustainable construction and also construction targets, using environmental products that are low or maintenance free with long life expectancies and also use recycled materials to help produce eco savings for re-investment.

High quality products and whole life costings on products have been identified within our Value Engineering Group and these are passed on and used by our partners.

SAP ratings are used to assess at surveying stage what work requirements will be needed to achieve affordable warmth in line with Affordable Warmth Strategy. The collection and usage of information on this rating will be greatly improved by the full survey being undertaken by NCH and the storage of this data on the Keystone stock management tool.

6.10 Work outside the Decent Homes Standard

The Nottingham Decent Homes Plus Standard includes many elements of aspiration and improvement beyond the basic decency standard and this is embedded within the standard. Delivery of decent homes is a key priority, but this will not stop NCH from carrying out other work that falls outside the decent homes standard such as environmental work to the estates, security improvements or provision of disabled persons' adaptations if this work is affordable.

6.11 Complimentary Schemes

6.11.1 Strategic Regional Frameworks

Strategic Regeneration Frameworks (SRF's) are being introduced within Nottingham to provide integrated long term strategies. These will be supported by a raft of Neighbourhood Plans that will translate these strategies into Local Action Plans and detailed interventions, to facilitate the transformation of our neighbourhoods.

The proposed SRFs will promote the renaissance of the whole of the City by building on existing and emerging strategies and will guide public and private investment.

These frameworks will involve and engage key stakeholders within local communities, the business sector and the full range of public sector agencies.

The more locally focussed Neighbourhood Plans will also be developed closely with all NCC partners including NCH, key stakeholders and the community. These neighbourhood plans will translate the higher level of SRF into local action plans and detailed interventions.

These SRFs will be the cornerstone of delivering the holistic, joined up interventions needed to support the regeneration of the city to capture economic growth and the creation of successful neighbourhoods within it. Three SRFs will be established at a sub-city level and are designed to link in with all existing programmes and strategies including the Housing Strategy, Community Strategy, Local Community Strategies, Sustainable Community Strategy, and the Local Area Agreements. The NCH Asset Management Strategy including Decent Homes investment will be part of the planning process for the delivery of the programme.

6.11.2 Area Based Capital Investment

Housing Area Investment Plans are part of the process for the development of Corporate Area Asset Management Plans that will be used to enable the creation of a capital programme that is centrally managed and monitored, with each department's priorities feeding into the programme once the project has undergone a rigorous appraisal to determine whether it stacks up and links into the Council's strategic objectives.

The production of Area Asset Management Plans are included in one of the Terms of Reference for Area Committees and has been the subject of reports to the Executive Panel in February 2005, and the Strategic Management Team in October and November 2004.

Both lettings areas and the housing sub market areas will be utilised to give a much more holistic view of the housing investment requirements and will provide more meaningful information for those involved in planning and implementing other important investment in education, economic development, transport, leisure, etc. It should be noted that there is not necessarily a hierarchy of investment as each is reliant on the others to differing extents.

These plans will be informed by the Decent Homes Investment Plan that will give timings and costs of investment in each letting area. Close collaboration between NCC and NCH at the monthly Asset Management Meetings will ensure that investment from Decent Homes is complemented by the Area Asset Management Plans.

6.11.3 Digital TV

NCH is responsible for providing a communal TV aerial system to some 12,000 properties, or 40% of the housing stock, mainly flats and maisonettes but also a number of houses including both tenants and leaseholders.

The overall aim for the company is to develop effective partnerships with the City Council and the appointed service providers to deliver this service in the run up to the analogue TV switch off in 2011 for the Central Region.

Following discussions with several specialist companies including Sky Homes, DAS Aerial Communication Limited and Virgin Media there are two system options available to the us; these being an Integrated Reception System (IRS) and an upgrading of the existing system. An alternative solution will require further investigation to accommodate houses, which rely on the existing communal aerial installation.

With an Integrated Reception System, a satellite dish, UHF aerial and radio antenna are connected by new cables to homes which collects the broadcast signals from both terrestrial and satellite transmitters, as well as FM and DAB radio. All available signals are then distributed to a new four-way wall outlet plate in each dwelling.

Virgin Media have confirmed that a working party is looking into the whole issue of the digital switchover and the future service provision to customers on communal aerials. The working party have assured us that they will let us know as soon as they have further news. They hope to be able to advise us of their proposals later this year. It is the aim of the company to provide access to a proposed solution covering the upgrade and installation of communal aerial systems through to the maintenance of systems.

We have identified funding within the capital programme to finance this changeover. Evaluation of routes to market and potential service providers is taking place to develop a pre-tendered solution, which will be available for submission in December 2007 to commence work on site in financial year 2008/09.

6.11.4 CCTV

CCTV is delivered by a specialist team within NCC. The requirement for a strategic review of the Nottingham City Council's Surveillance and Monitoring Service has been recognised and it is envisaged that a review of current practices will be undertaken and a Strategy will be in place by towards the end on 2007.

It is understood that the following areas will reviewed:-

- Review of existing practices, operational procedures, core business and methods
- Review of working practices with enforcement partners and Nottingham City Homes
- Ensuring that CCTV investment is aligned with the Asset Management Strategy
- Integrated problem-solving partnership approaches in relation to community safety and crime, including links with other strategically appropriate surveillance systems
- The effectiveness of continuously monitoring and recording all systems, including, pro-active, reactive use, prioritization and motivation of staff.
- Technological advances to assist effective monitoring
- Communication and liaison between stakeholders, including media coverage
- Procedures and protocols adopted for additional expansion and installation of cameras, including, consultation, justification, resources, maintenance and compliance with legislation and other requirements
- Type of CCTV equipment for optimum usage, e.g. Fully functional, static and re-deployable cameras, including recommended approach and 'good practice'
- Evidence gathering practices, involving prosecution agencies, including, review, dissemination, directed surveillance, problem oriented intelligence and feedback
- Evaluation and Performance monitoring.
- Legislation and compliance.

Following this process the following outcomes are expected :-

- Creation of a CCTV strategy including recommendations to maximize the services full potential.
- Strategy Action Plan.

NCH will support the strategy review and work towards the implementation of the new strategy

6.11.5 Garages

NCH are presently working through a defined process to address the future of the 430 Garages sites across Nottingham.

This strategy has firstly mapped all garage sites that hold 3 or more garages (350) sites. Following this process NCH is working closely with NCC & the NCH Estate Management Team to look at the sustainability of each site longer term.

Following the issue of the recent green paper on the development of brownfield sites with the potential for local authority build, NCH has commissioned a review on the sites to determine where potential investment in sites could be made. This will involve considering letting demand data, costs, suitability of adjacent housing/land and whether the land could be used for either remodelling estates or creating land sale opportunities which could release funding for investment in more sustainable areas.

Initial contacts have been made with land valuing agents to seek budget costings for valuing these land packages. This will be progressed should some sites be considered to have potential.

7 Value for Money

7.1 NCH Procurement Approach

The strategy document developed is to provide a framework within which NCH procurement activities will be undertaken for Planned, Responsive and Cyclical repairs and maintenance.

All procurement strategies carry a level of risk and some greater than others. The procurement strategy document aims to deliver least risk solutions, to inform the Asset Management Strategy and deliver Decent Homes programme to NCH.

NCH wishes to align its procurement functions clearly and more closely with its duties under value for money and modern construction procurement techniques. These are the principles contained in the Reports 'Rethinking Construction' and 'Accelerating Change' by Sir John Egan as well as other reports such as those produced by Byatt and Latham, referred to collectively as the 'Egan Agenda'.

Key Procurement Objectives are:

- To award contracts on the basis of best value for money, not cheapest bid, based upon life-cycle costing, quality of service and experience, wherever possible;
- To ensure that purchasing and procurement are fully aligned with (or within) the allowances of the Asset Management Strategy (defined by the stock condition survey schedule of rates);
- To establish a forward procurement plan, produce a 'Procurement Guide', detailing the terms and conditions within which NCH are prepared to do business, and design a procurement web site (shared document access etc.);
- To establish, either in-house or in partnership with other organisations, a centre of expertise for procurement and project management; with links to collaborative procurement via the Central England Procurement Partnership, and 4 SY bodies.
- To maintain a register of contracts;
- To provide training, support and guidance to staff involved in purchasing and procurement;
- To use best practice procurement and purchasing techniques and processes to maximise the buying power of NCH
- To work within an ethos of partnership and co-operation to continually improve service standards and enhance the well being of residents, partners and the environment;

Notwithstanding the requirement to use low maintenance products, to deliver NCH environmental and sustainability policy objectives by the use of sustainable materials and goods, the reduction of waste and the increased use of recyclable and recycled materials;

Where standard forms of contract are available and are suitable for the purchasing of goods or the procurement project being considered, they should be used in preference to bespoke contracts. For construction procurements, the responsible director for procurement shall ensure that consideration has been given to the Egan Agenda and if a partnered procurement solution is to be adopted, an appropriate partnering form of contract may be used;

7.2 Repairs and Maintenance Procurement

The Repairs and Maintenance service is currently engaged in the market testing of the whole business by OJEU process. This contract is based up a 60/40 quality/price split and is worth around a potential £210 million over a 5-7 year contract.

The procurement process is a joint effort between NCC and NCH and is expected to be completed with the successful contractor in place by April 2008

7.3 4SY

4SY is a procurement consortium started initially to generate savings on the Decent Homes programmes via the Yorkshire and Humber Regional Centre of Excellence and the National Change Agent. The consortium was a trailblazer project and the core membership is Sheffield City Council, Rotherham Metropolitan Borough Council, Doncaster Metropolitan Borough Council and Barnsley Metropolitan Council, together with their ALMO's; Sheffield Homes, Rotherham 2010 Limited, St Leger Homes of Doncaster and Berneslai Homes Limited.

The consortiums business plan won the national SOPO award for local authority procurement in 2006. The consortium is now on target to deliver savings in excess of the £52m highlighted in the plan. Nottingham City Homes has been invited to join the consortium.

The 4SY route has been proven to generate significant savings through application of its business plan. In addition the consortium is an easy route to joining in with best practice in Decent Homes delivery. The consortia are welcoming new members to the originators of Sheffield, Rotherham, Barnsley and Doncaster and are also in negotiations with Hull and other RSL's.

NCH will benefit by benchmarking actual prices with that of other similar Decent Homes schemes. Of the 4 contract partners in Nottingham, 3 are working within 4SY at present. Becoming a consortia member will ensure that rates achieved by NCH are comparable with other ALMO's.

NCH will benefit by joining a consortium with established methodology and proven benefits. Cashable efficiency gains of £70m are expected by the current members of the 4SY consortium over the lifetime of their decent homes investment programmes.

The consortium is also on target for achieving the measurable non-cashable efficiency gains. The consortium is continuing to support JobMatch which is on target to create 450 vocational training places for local people particularly in areas of social and economic disadvantage. Currently 315 people are in the program and 62 have already achieved NVQ level 2.

NCH will achieve savings against current costs by either re-engineering the current Decent Homes contract or by reprocurement. A prudent estimate of the savings which could be achieved is around £2million per annum, £10 million over the course of the Decent Homes contract. The savings will be driven by leverage from comparisons with other authorities contract prices, as has been developed by Sheffield for developing a more cost effective procurement package as delivered by Rotherham.

Other savings to be generated through 2007/8 include;

- The creation of a second set of materials sourcing frameworks on electricals, kitchens and doors in partnership with the Northern Housing Consortium. This approach improves procurement efficiency, reduces costs and enables greater aggregated volume to be auctioned than South Yorkshire and Nottingham in isolation.
- Supporting the ALMOs in identifying & delivering operational efficiencies with their constructor partners. This will bring a focus and downward pressure on the labour and prelims elements.
- Creation of a Repairs & Maintenance Benchmarking model across the 4SY consortium to aid decision making and drive efficiencies in service delivery costs.
- Working collaboratively across all areas of the investment programme, wielding our joint power, driving up quality and driving down cost.

7.4 Central England Procurement Partnership (CEPP)

NCH is also re-engaging with Central England Procurement Partnership (CEPP) to engender savings and promote practice upon a sub-regional basis. CEPP has however had difficulties in bringing together its Business Plan and through lack of membership commitment. It is not yet at a stage advanced enough to generate significant savings. NCH will however continue to support CEPP whilst actively delivering savings from 4SY and ensuring that both groups learn from the approaches undertaken by each.

CEPP is a collaborative partnership of a variety of Registered Social Landlords in the Midlands. The arrangement brings together Housing Organisations to develop a flagship partnership that aims to demonstrably improve the performance of the housing industry. The partnership will deliver quality housing for its residents using modern methods of procurement and working practices whilst creating an environment for learning and achieving excellence in housing.

The partnership is building on best practice models such as GM Procure and 4South Yorkshire, which are generating significant savings through procurement practice such as e-auctions.

NCH expect to deliver considerable efficiency savings from this combined programme. In particular the Decent Homes programme will benefit from efficiencies by utilising the partnerships procurement model. The savings will be used to further improve the development of the housing within Nottingham and will help to support areas of training, sustainability and development. This programme expects to exceed the Gershon review targets for efficiency in government and should provide a benchmark for housing improvement.

The project, endorsed by Sir Michael Latham, has already attracted significant investment from the DCLG to write and implement its business plan. NCH is an important member of the group and will continue to drive this plan forward to generate the forecast procurement efficiencies.

7.5 Other NCH Efficiency Drivers

NCH uses a variety of good practice methods for procurement including via PfH, OGC Framework, the London Housing Consortia LHC, Procurement Cards, and by using processes already in place in collaboration with both Nottinghamshire County Council and Nottingham City Council.

A specific example of current good practice is the purchase of Symphony kitchen units through the LHC framework agreement. The inclusion of a 5% settlement discount on the LHC agreement resulted in a saving being achieved on the prices previously received from Symphony. In addition to this a review is currently being undertaken to compare all the Procurement for Housing framework agreements with existing contracts. This covers areas such as Stationery, Mobile phones, Cleaning Materials, Photocopiers and Vehicles. Where the Procurement for Housing agreements provide better value for money than existing arrangements, NCH intend to change to the consortia agreement.

As each contract comes up for renewal, an assessment takes place to ensure the appropriate method of procurement is being used. For example, the tender for boilers and associated materials was recently advertised but only after a benchmarking exercise with the Procurement for Housing framework agreement took place. The result of this was that it was more beneficial for the company to re-tender rather than join the consortia agreement.

NCH has now established a Contracts Register that is held centrally within the Governance Team. This contains details of all the contracts set up across the organisation and enables the efficient planning of all tenders to ensure that all contracts are completed by the expiry date.

7.6 Decent Homes Procurement

7.6.1 Future Procurement Routes

In developing the recommended contract packaging option and selecting the final procurement route, consideration of the project management requirements necessary to deliver the programme is fundamental. This will entail new, collaborative ways of working between NCH's project team and those of the existing and new contractors in order to work together in an effective partnering relationship. A review of NCH's organisation to manage the new contracts has begun.

It is essential that NCH gets good market rates to enable the proposed programme to be affordable. Current rates for the Decent Homes programme are not competitive compared to rates being achieved elsewhere. This is due to two main reasons. Firstly the volumes of work are not giving the contractors chance to drive down costs and secondly full value is not being delivered from the current contract methodology. The Gross Maximum Price is being increased to generate 'savings' which are not realistic and are not giving Nottingham value for money. NCH is now benchmarking through the 4SY consortia to ensure that its contractors engage correctly with the GMP process. This value engineering process is a method of getting existing contractors to give market rate prices. If this is not successful, NCH will re-procure the contract to ensure that the costs do not exceed that which is affordable in the works programme

7.6.2 Packages

In order to achieve delivery of the investment programme within the budget set out in the business plan, the work must be organised into packages that offer NCH the most effective and efficient procurement option. In reaching that decision, the following packages of work were considered.

Option 1 – 'One Hit' All In Package

This package allows for the completion of all investment works required to each property, at the same time.

Table 17 - Pros and Cons of 'One Hit' Works Package

| Pros | Cons |
|---|--|
| Residents would only be disrupted once | The work could involve significant internal and external works and entail contractors working in tenant's homes for a substantial period of time, which potentially could cause major disruption to Residents. |
| Gives consideration to completing other work at the same time and can prevent duplication | Residents at the end of the programme would see no discernable 'win' from the creation of the ALMO for up to five years |
| Can be useful on specific regeneration schemes | The logistics involved in organising multiple trade |

| | |
|--|--|
| such as sheltered housing or non-traditional housing | contractors on time and in sequence can be complex and difficult to manage |
| | Can mean that NCH will find decency is slow to improve in the first two years |
| | Can prove more expensive than other options. |
| | Does not meet all the investment planning rules as set out in section 4.6 above. |

Option 2 – Separate Programmes for Internal and External Works

The internal package would be likely to comprise replacement of kitchens, bathrooms, electrical wiring, heating systems and any other internal repairs. The external programme would involve window renewal, door replacement, roofing, chimneys and any other decency works to the external envelope of the building with packages programmed to ensure that no one property is worked on twice in the same year.

Table 18 - Pros and Cons of ‘Two Hit’ Works Package

| Pros | Cons |
|---|--|
| Investment works to each house would be done in two, manageable programmes | Works done in the first ‘hit’ may not be enough to achieve NCH decency standards if the second hit is not until the following year |
| Minimises disruption to residents by spreading work over two separate years | Residents are disturbed more than once |
| More efficient to project manage and minimises contractors time on site. | Does not meet all the investment planning rules as set out in section 4.6 above. |
| Different trades are not as reliant on works being completed in sequence so offers better predictability and cost control | |

Option 3 – Elemental Approach

An element by element approach that involves the development of a separate programme of work to replace each building element at different times, e.g. the heating could be undertaken separately from the kitchen and bathroom works.

Table 19 - Pros and Cons of an Elemental Works Package

| Pros | Cons |
|---|---|
| Enables acceleration of any one elemental programme to reduce decency failures earlier | The number of visits required by contractors to each property can be numerous and disruptive to residents |
| Can offer attractive, per element prices (but the economies can sometimes be lost with the higher project management and administration costs | Requires considerably higher levels of client project management involving a large technical team |

| | |
|--|--|
| involved). | |
| Can be easier to engage with local contractors and suppliers | Can make for a complicated programme that can be difficult to understand |
| Specialist 'trade' contractors usually work very efficiently | Administration and tenant liaison costs can be high |
| | Does not meet all the investment planning rules as set out in section 4.6 above. |

7.6.3 Investment Packages

The pros and cons of each option have been carefully considered and a detailed investment analysis from the overall needs of the stock and the local investment planning model has informed the investment packaging appraisal. A number of permutations between each of the three options were discussed and it is proposed that a hybrid of Options 2 and 3 will meet all the investment rules and offer the best overall value for money for residents and NCH, namely:

- Window and external door renewal package
- Heating replacement package
- Internal refurbishment package
- External, Communal and Environmental package
- Roofing Works

The replacement window and door programme does lend itself to acceleration from five to two or three years; quick wins on decent homes and ensuring all residents receive some sort of improvement works if required within the first two years of transfer.

In summary, the investment packages are:

Security - External Doors and Window Programme

A separate doors and window programme timed for a contract start in year 1 to return best value for money and a quick win for NCH.

Central Heating Replacement Programme

A separate central heating and boiler replacement programme timed for a contract start in year 1 to return best value for money and a quick win for NCH.

Internal Works

- Kitchens where necessary including a partial re-wire

- Bathrooms where necessary including a partial re-wire
- Full Electrical Rewires where necessary
- Installation of smoke alarms and where necessary carbon monoxide detectors

External, Communal and Environmental Works

- Wall repairs
- Fencing and gates
- Door entry systems
- Communal lighting
- Communal areas
- Paving
- Roofing Works
- Roofing replacement and / or repairs including rainwater goods, fascias and soffits
- Chimney repairs

The roofing works will be tendered during the third year of the programme after full survey data has been collected and commence on site in the fourth year.

The above work packages describe the range of works that may be carried out in each property and whilst it is apparent that most homes in NCH stock will require some work to bring the entire stock up to NCH standards, it won't be necessary to replace all components in every house. Only those components that are in poor condition will be renewed. Budgets for each of the recommended packages are set out in table 10.

7.6.4 NCH Contract Delivery Partnership

To ensure NCH is able to meet its targets for Decent Homes completion by 2013, stock condition surveys are required to plan the actual works required to bring each home to the Nottingham Standard.

NCH has previously collected Stock condition data both through its Asset Management Team and also used consultant surveyors to carry out the task on behalf of the company. It has been decided that the best use of internal resources is to carry out quality assurance checks of data collected by external surveying companies, rather than endeavouring to complete large volumes of surveys in house, which may hold up the demand for work schedules by our Constructor Partners.

In addition to the Stock Condition Surveys it has also been agreed that whilst NCH already carries out Type 2 Asbestos surveys on its Decent Homes Programme these surveys have previously been completed on a separate occasion prior to works commencing.

To improve the experience of our customers during the survey process we will now carry out the Stock Condition and Asbestos surveys during the same visit.

Therefore to meet this need and also the need by the Decent homes team for specialist consultancy services an OJEU notice is to be placed during October 2007, which will advertise for the following services.

- Stock Condition + type 2 Asbestos Surveying company
- Quantity Surveying/ Cost Consultant services
- Lead Designer
- Building Surveyor / Services / Mechanical / Electrical Consultants
- Structural or Civil Engineering Services
- CDM Co-ordinator
- Clerk of works / Technical Officer
- Client Representative
- Partnering Advisor / Strategic support

7.6.5 Partnerships

NCH understands that its success in delivering its services in part rests by tackling issues in partnership and not in isolation, and we expect to benefit from the range of advantages outlined by Sir John Egan and other commentators.

NCH has applied the principles of partnering with a number of decent homes contractors and applies the ethos to all. The PPC2000 Partnering Contract has been used as the framework for these relationships. The current contract led by NCC for the Repairs and Maintenance Tender is a JCT contract with a partnership annexe.

NCH has also committed to working in collaboration with Derby Homes and other local ALMO's in the region. These collaborations will seek ways to optimise their collective capacity to increase the provision of affordable housing and deliver sustainable communities in the region.

NCH recognises that the principles of partnering, if correctly implemented and nurtured over time, pay dividends by way of improving service standards, reduced requirement for administration and the reduction of direct costs through long-term relationships and economies of scale across the supply chain.

NCH will therefore apply the ethos and principles of partnering to future procurements, whilst ensuring probity and value for money.

To enable NCH to carry out its programmes of works to the City homes NCH work closely with NCC in building its plans and strategies in line with overall NCC objectives.

8 Performance and Resources

8.1 Decent Homes Phase 1

NCH have developed partnering contracts using the PPC2000 contract framework for the delivery of decent homes capital programmes of work. Tenants have been involved in the formation of the Partnerships and after an intensive selection process four contractors have been appointed:

- Keepmoat;
- Lovell;
- Mears;
- Bullock.

The contractors were assessed on the basis of a price and quality matrix apportioned 30%:70%. Each contractor was required to price a hypothetical estate, which was used for the basis of comparison between tenderers, and also to validate budgets from the stock data.

The Decent Homes Programme is overseen through a structure of meetings listed below. These include representatives from NCH, NCC, the four contractors and meet monthly. At present the Core Group Meetings, which include customers, heads of company NCH & NCC, are called as required.

- Customer Care and Diversity;
- Financial management;
- Project Management;
- Handover

Performance Management is monitored through one to one meetings with each partner each month. This meeting includes housing management staff as well as tech and have input with each Constructor.

All the groups and subgroups have representatives of all three main parties and tenants on them.

Decent Homes Phase 1 - Contract Types

Decent Homes commenced 2005 with 5 major partners – Keepmoat, Lovell, Bullock, Mullalley and Mears. The contract as a PPC 2000 with savings generated through Pain/gain mechanisms and open book pricing.

- Pre Commencement Agreement
- Strategic Alliancing Agreement
- Individual PPC Partnering Contracts 05/06 (cost plus)
- Individual PPC Partnering Contracts 06/07 – 10/11 (full open book)

- Partnering Charter Agreed and Signed

Evaluation included input from all stakeholders via a CIPFA process

- Officers, Tenants, Ops & Strategic Board members, Vice Chair of the Board on selection panel
- Evaluation of Strategy Documents
- Related Strategy to site visit
- 30 Points were awarded for lowest price
- 70 Points awarded best overall strategy
- Independent Adjudication

The 1 star result from the Audit Commission inspection in December 2005 meant that funding was restricted to Nottingham's own resources. The number of contract partners was reduced to four and a reduced programme was introduced pending the re-inspection by the Audit Commission

8.2 Decent Homes Phase 2

In developing the recommended contract packaging option and selecting the final procurement route for phase 2, consideration of the project management requirements necessary to deliver the programme is fundamental. This will entail new, collaborative ways of working between NCH's project team and those of the existing and new contractors in order to work together in an effective partnering relationship. A review of NCH's organisation to manage the new contracts has begun.

It is essential that NCH gets good market rates to enable the proposed programme to be affordable. Current rates for the Decent Homes programme are not competitive compared to rates being achieved elsewhere. This is due to two main reasons. Firstly the volumes of work are not giving the contractors chance to drive down costs and secondly full value is not being delivered from the current contract methodology.

NCH is now benchmarking through the 4SY consortia to ensure that its contractors can engage more efficiently with the GMP process. This value engineering process is a method of helping existing contractors to deliver market rate prices. If this is not successful, NCH may have to re-procure the contract to ensure that the costs do not exceed that which is affordable in the works programme

Table 19-Phase 2 - Management Structure

| | |
|---------------------------------|-----------|
| Nottingham City Homes | |
| Decent Homes Delivery Structure | 9/24/2007 |

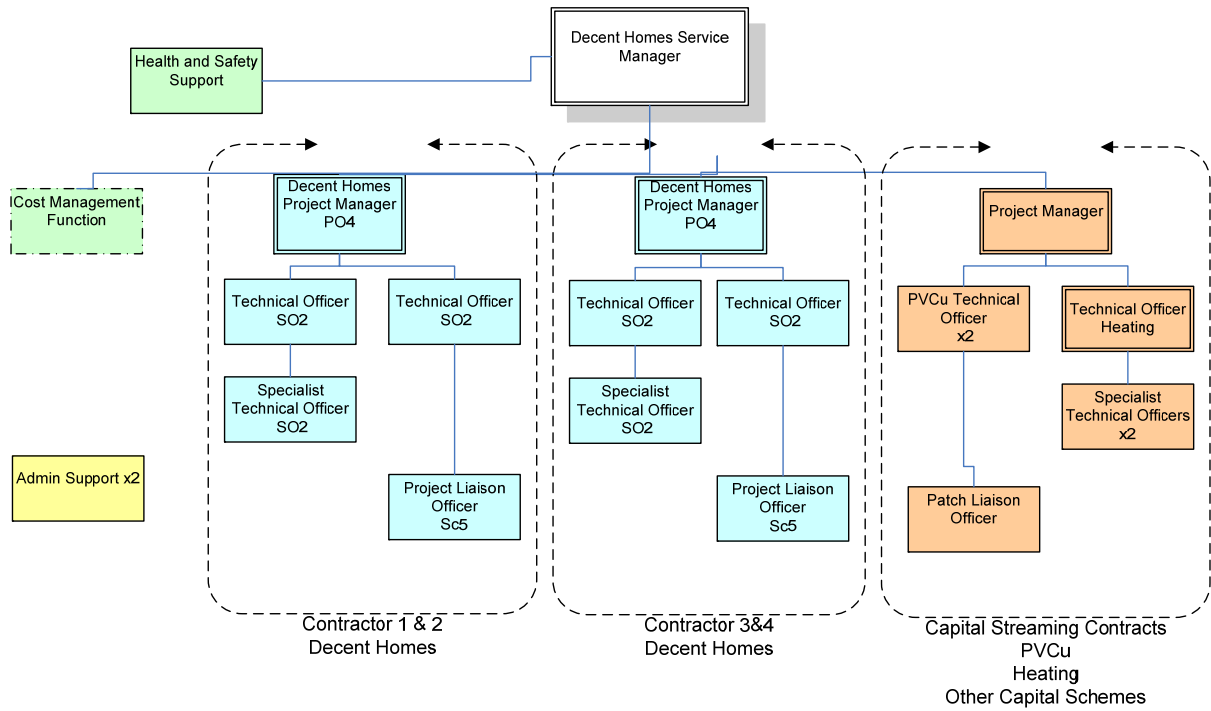


Table 20 - KPI's and Benchmarking - Local and National KPI's

| PIRef | Area | Performance Indicator | ReportingFrequency | Reporting Source | In Use |
|--------|------|---|---------------------|------------------|--------|
| BV184a | T | The proportion of LA dwellings which are non decent at the start of the financial year | Annual | NCH | YES |
| BV184b | T | The % change in the proportion of non decent dwellings between the start and the end of the financial year. | Annual | NCH | YES |
| Local | T | The % change in the proportion of non decent dwellings | MonthlyRolling Ave | NCH | YES |
| Local | T | The proportion of LA homes which are non -decent | MonthlyRolling Ave | NCH | YES |
| Local | T | The average cost to make a property Decent | MonthlyRolling Ave | NCH | YES |
| Local | T | Predictability – Time by unit | Monthly | Partner | YES |
| Local | T | The % of properties accepted at handover inspection | MonthlyRolling Ave | NCH | YES |
| Local | T | The % of defects resolved within 14 days of identification | MonthlyRolling Ave | NCH | YES |
| Local | T | The % of customers satisfied with the overall service provided by the Contractor NCH | Monthly Rolling Ave | KWest | YES |
| Local | T | The % of customers rating the Tenant Liaison staff of the Contractor / NCH as good | Monthly Rolling Ave | KWest | YES |
| Local | T | The % of customers indicating that the attitude of workers was good | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers rating the notice given before work started as good | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that the workers were polite and helpful | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that the Contractor showed their ID card | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that suitable precautions were taken to protect the Home | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that rubbish was removed from home after completion of works | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that the quality of workmanship was good | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that the quality and choice of materials was good | Monthly Rolling Ave | KWest | YES |
| Local | | The % of customers indicating that the speed of completing work was good | Monthly Rolling Ave | KWest | YES |
| Local | T | Number of accidents reported to HSE (contractors only) | Monthly | Partner | Part |
| Local | T | Impact on local economy – sub contractors and suppliers | Quarterly | Partner | NO |
| Local | T | Impact on local economy – labour | Quarterly | Partner | NO |
| Local | T | Employment of apprentices and trainees | Quarterly | Partner | NO |

Table 21 – Selected Nottingham City Key Indicators

| Selected KPI | 2006/07 |
|--|---------|
| SI – 3 (BV211a) - The proportion of planned repairs and maintenance expenditure on HRA dwellings compared to responsive maintenance expenditure on HRA dwellings | 48.50% |
| SI – 4 (Local) - The % change in the proportion of non decent dwellings | 1.20% |
| SI – 5 (Local) - The proportion of LA homes which are non decent | 32.57% |
| SI – 6 (Local) - The total and % of properties which are either in possession of a valid annual gas servicing certificate or are capped | 99.91% |
| SI – 8 (BVPI 211b) - The proportion of expenditure on emergency and urgent repairs to HRA dwellings compared to non urgent repairs expenditure to HRA dwellings | 15.22% |
| SI – 15 (Local) - The % of customers indicating that they were satisfied with the responsive repairs service | 89.30% |
| SI – 28 (Local) The % of customers satisfied with the completed work – overall service (Decent Homes) | 84.51% |

8.4 Governance, Risk and Scrutiny

The current Decent Homes project is delivered by PPC 2000 methods. An overall steering group consisting of all stakeholders is charged with running the programme.

- Other governance procedures are listed below;
- Strategic Partnership Infrastructure – Core / Working / Sub Groups
- NCH Chairs Group
- Terms of References for all Groups produced
- Project Plan / Timescales agreed
- Critical Path Analysis agreed
- Risk Register Developed
- Named Project Managers

8.5 Efficiency Measures

Table 22 - Efficiency

| Outturn | Pain/Gain Liability |
|--|---|
| 'Open-book' costs more than Agreed Maximum Price (subject to agreed Changes) | Contractor accepts 100% pain |
| 'Open-book' costs less than Agreed Maximum Price (subject to agreed Changes) | Expenditure monitored and properties adjusted to maximise expenditure against Client's Budget – no pain/gain liability for either Client or Constructor |
| 'Open-book' costs less than Final Account valuation (refer to clause 20.15 of the Partnering Contract) | Gain shared as detailed below – subject to Indirect Costs at the rate of 25% of the cost of Direct Works |

Key Performance Indicators:

- Time (by unit)
- Defects
- Tenant satisfaction - product (Kwest surveys)
- Tenant satisfaction - overall service (Kwest surveys)

Note: KPI targets set annually and monitored monthly

Calculate actual achievement against target KPI for each month as and when the information becomes available and record as a percentage. Average percentages to give average performance against selected KPIs for each month.

Upon Project Completion check Open-book reconciled cost against Final Account valuation to establish amount available for share of gain.

Calculate share of gain in accordance with the following:

Application:

- a) For each month one twelfth of the share of gain is available.

Calculate monthly share for Constructor for each month and accumulate total at Project Completion.

Payment made on completion of work at agreed Final Account stage once Open-book costs have been reconciled and agreed as set out in paragraph 6.3 of the Price Framework.

Table 23 – Monthly Average Success vs. KPI's

| Monthly average success against KPIs | Constructor share | Client share |
|--------------------------------------|-------------------|--------------|
| Average target achieved within month | 50% | 50% |
| 95% or more but under target | 40% | 60% |
| 90% or more but under 95% of target | 30% | 70% |
| Under 90% of target | 0% | 100% |

Details of the efficiency savings

Following the end of the 1st year of Nottingham's Decent Homes Programme (05/06) a review was commenced to look how efficiencies could be made within the Decent Homes Programme, by looking at the costs being incurred from our Constructor Partners in relation to indirect costs. The review also looked at direct works costs, and involved an audit of each constructor partners financial systems, which proved beneficial and assisted in clarifying each others financial position enabling more efficient & effective working.

The review concluded during June 2006 and found the following –

Based on economies of scale NCH could agree with Partners the fixing of indirect costs (prelim, overhead & profit) at 25% overall would make major savings which could in turn be fed immediately back into the Decency programme to carry out works to other homes.

Table 24 – Fixing of Indirect Costs

| | P1 (Oct 05 – Mar 06) | P2 (Apr 06 –July 06) | P3 (Aug 06- Mar 07) |
|----------|--|----------------------|---------------------|
| Works | £2.9m | £2.3m | £10.1m |
| Indirect | £2.1m | £1.1m | £2.5m |
| Total | £5.0m | £3.4m | £12.6m |
| Ind % | 71.0% (58% without pre commencement fees, & one off set up and mobilisation costs) | 44.9% | 25.0% |

It should be noted that during the review other like ALMO's were contacted and from discussions with them most appeared to have worked on around a total of 30% indirect cost.

These figures show that –

If period 2 had been operated at the fixed 25.0% rate, indirect costs would have been only £0.6m instead of £1.1m

If period 3 continued at period 2 rates, works value would be only £8.7m and indirect costs £3.9m instead of £2.5m

This equates to some 200 fewer properties completed in the full period.

Further improvements in the management of the 5 Decent Homes Constructor Partners has meant the development of standard rates with each partner for elements of work, Kitchens, bathrooms, heating etc. This has enabled the agreed rates to entered into the PPC 2000 price framework, which sets out the improved pain/ gain mechanism for payment of partners linked to performance, and the process for open book reconciliation. As mentioned above the improvements to all the Decent Homes processes will enable available funding to be used as efficiently as possible in the meeting of the Decent Homes target.