		Item
	Governance and Audit Committee	**8**

Date: 13 December 2023

Report of	**Chief Executive** **Colchester Borough Homes**	**Author**	**Director of Operations and Head of Assets** ☎ **282919**
Title	**Overview report of the standard of the Council's housing stock and damp and mould issues**		
Wards affected	All wards		

1. Executive Summary

This report sets out the approach to assessing the condition of the Council's housing stock and how this informs the 5 and 30 year investment programmes. The report also provides the current regulatory and legislative context regarding damp and mould in social housing as well as the position with regard to damp and mould in the Council's own housing stock.

2. Council Housing Stock Condition

The primary objective of Colchester Borough Homes' stock condition survey process is to ensure accurate and up-to date information about the condition of the Council's housing stock. This information is crucial for making informed decisions related to maintenance, replacement, and overall management of the stock.

The 5 year rolling programme of stock condition surveys aligns with sector best practice. Regular surveys contribute to proactive improvement and maintenance strategies, minimising the risk of unexpected issues and informing the capital works programme.

2.1 Progress against stock condition survey programme

As of end of October 2023, 76% of the stock has been surveyed within the last five years. These surveys have been carried out since September 2021 and represent a significant acceleration to the programme (programmed quantity is 55%). 3.75% of the stock was last surveyed during 2017/18, and 20.25% of the stock was last surveyed during 2018/2019.

The programme was severely impacted by the COVID 19 pandemic. We are working with our current surveying consultant to accelerate the programme further and they are resourced to complete 100 surveys per week from this point forward. Subject to receiving the necessary access from tenants, we have a plan to enable us to have 100% of surveys completed within a 5 year period by the end of 2023/24.

2.2 Stock Condition Survey Process

The stock condition survey process is a comprehensive procedure designed to assess the condition of properties, ensuring accuracy and reliability in the gathered data. The process involves the following key steps:

➢ **Identification of Properties and Survey Creation;** Properties are identified for survey based on rolling 5-year programme. Surveys are created within NEC with key questions generated designed to capture relevant information about each property.

➢ **Surveys generated;** Three surveys are generated per property:

- External Survey - Focuses on the external condition of the property, including the building structure, roof, and external features.

- Internal Survey - Examines the interior of the property, evaluating the condition of elements such as kitchens and bathrooms, plus other internal components, and elements.

- Housing Health and Safety Rating System (HHSRS) Survey - Assesses the property against the HHSRS to identify potential hazards affecting the health and safety of occupants.

➢ **Surveys Conducted on NEC Mobile;** Surveys are conducted using the NEC Mobile platform for efficiency and consistency. Upon completion, surveys are initially held at a 'pending' status, indicating that they are awaiting further review.

➢ **Desktop Review of Data and 'Approved' Status;** A desktop review of the collected survey data is conducted to ensure completeness and accuracy. Once the review is satisfactory, surveys are released to an 'approved' status.

➢ **Resolution of Anomalies/Concerns;** Any anomalies or concerns identified during the review process are addressed and resolved promptly to enhance data quality.

➢ **Random Selection of 5% for Audit Surveys;** These selected surveys are issued to a different surveying consultancy to conduct audit surveys, ensuring inter-rater reliability. Results of the audit surveys are thoroughly reviewed to identify any discrepancies or inconsistencies.

Anomalies or concerns arising from the audit process are addressed and resolved. The survey audits completed to date show that 88% of the surveys completed have the same findings from both consultants, the remaining 12% highlighted discrepancies due to changes in the data arising from completed capital works etc. which occurred between the completion of each survey. The discrepancies were all resolved through a data cleansing exercise and there was no need to revisit the findings with either consultant.

➢ **Final Approval and Data Release;** After resolving any outstanding issues from the desktop audit, the data from the stock condition surveys is considered final.

By following this structured stock condition survey process, Colchester Borough Homes ensures that the collected data is accurate, reliable, and reflective of the true condition of the surveyed properties. The inclusion of audit surveys adds an extra layer of quality control and assurance, contributing to the overall effectiveness of the survey process.

2.3 5 and 30 year Capital Works Programme

The data collected during the surveys has been reviewed for accuracy. CBH's teams have employed rigorous validation processes to minimise errors and ensure the reliability of the information. All survey findings are entered into the NEC Asset Database. The data stored against the assets is then used to inform the capital works budget and programme every year. Stock condition surveys play a crucial role in informing the 5 and 30 year Capital Works program by providing essential data and insights into the condition of various asset elements. The process involves the following key steps:

➢ **Asset Element Updates;** Stock condition surveys involve a comprehensive examination of different asset elements which make up the properties. The surveys collect data based on current condition, performance, and remaining life of each asset element.

➢ **Remaining Life Assessment;** Surveyors review the collected data to assess the remaining life of each asset element. This involves considering factors such as wear and tear, maintenance history, and the expected lifespan of the materials used. Remaining life is a critical parameter that helps in predicting when an asset element is likely to require replacement or major maintenance.

➢ **NEC Mobile Updates;** The data collected from stock condition surveys is then updated in a digital platform (NEC mobile).

➢ **NEC Assets Integration;** NEC Assets, another module of the system, utilises the information from NEC mobile. The remaining life data is particularly important in this step. The system places each asset element within the relevant year of the 5 and 30 Capital Works program based on its expected remaining life.

➢ **Cost Calculation;** NEC Assets applies the average cost of replacement for each asset element to calculate the projected cost by year. This involves estimating the cost of replacing the element at the time when it is expected to reach the end of its useful life.

By forecasting costs based on the remaining life of each asset element, the 5 and 30 Capital Works programme can allocate resources efficiently and prioritise projects that are most critical or time sensitive.

In summary, stock condition surveys provide the foundational data that informs the entire lifecycle management process. From assessing the current state of asset elements to predicting their future condition and associated costs, this systematic approach ensures that the 5 and 30 year Capital Works program is well informed and strategically planned for the optimal management of assets over time.

2.4 Example of output from 30-year plan

The table below provides an example of some key elements indicating when they will require replacement and the associated cost. This data is combined with team knowledge of known issues etc. and forms the base for the formation of the 5 and 30 year investment plan.

| Sample of 30 year plan based on 'Just in Time' replacements | | | | | | | | | | |
| | Year 1 | | Year 2 | | Year 3 | | Year 4 | | Year 5 | |
Element Description	£	Properties	£	Properties	£	Properties	£	Properties	£	Properties
Bathrooms	544,400	80	329,600	52	230,800	38	416,400	62	421,800	67
External Doors	7,600	6	113,300	82	144,400	110	33,500	25	61,900	49
Heating	234,148	96	718,868	305	1,132,918	490	684,650	239	751,354	308
Kitchens	1,708,400	282	4,881,100	812	4,280,100	714	2,624,300	440	617,300	103
Roofs	3,270,385	98	1,907,429	192	2,270,822	109	1,035,112	70	1,103,338	88
Windows	0	0	29,500	6	28,000	6	11,000	3	33,000	4
Totals	5,764,933	562	7,979,797	1,449	8,087,040	1,467	4,804,962	839	2,988,692	619

The costs as shown are based on 'Just in Time' replacements of elements which closely aligns with the findings of the stock condition surveys. It is important to note that the 30 year plan will also be smoothed out to balance expenditure across the 5 and 30 year investment period (e.g. to help reduce spikes in kitchen replacements as can be seen in years 2 & 3 above). The principle applied involves moving elements forward within the plan.

The proposed Capital Works programme informs the Housing Revenue Account Business Plan.

2.5 Just in Time and Planned Replacements

Just-in-Time (JIT) replacement and Planned replacement are two different approaches to managing the replacement of elements in a system, and NEC can generate reports based on both of these. The key distinction between them lies in the criteria used to determine when to replace the elements. JIT replacement focuses on responding to the real-time condition of elements and is informed through the stock condition survey process, while planned replacement adheres to a predetermined schedule based on the expected lifespan of the elements.

Each method carries associated risks, JIT represents a lower risk as replacement is driven by current condition, however, it is more likely to require higher levels of investment. Planned has a higher risk if elements do not reach their anticipated life. Formation on a budget/plan based on planned replacement data is also more likely to result in a shortfall between available funds and required works.

2.6 Net Zero Carbon Targets

The costs generated through the 30-year plan do not include the works required to achieve Net Zero Carbon.

The projected expenses for the Net Zero Carbon initiatives, based on 'Parity Portfolio' (Energy modelling software) data, are outlined as follows:

- Phase 1 (achieving a minimum EPC band C by 2030): £3.5 million
- Phase 2 (targeting net zero of an average heat load of 45kWh/m2): £94m (assuming 40% funding achieved)

The second phase is due to be delivered in the last decade of the 30 year plan due to the expectation that achieving this goal relies more heavily on technological solutions and successful grant funding applications. Efforts to secure funding for the phase 2 initiatives will be actively pursued wherever possible. However, recent experience, particularly from a Social Housing Decarbonisation Fund Wave 2.1 bid, suggests that the available funding is likely to be less than 45% of the total project cost. Colchester City Council (along with many other landlords) will face a significant financial challenge to meet the 2050 net zero target.

2.6.1 Progress against Phase 1

An EPC (Energy Performance Certificate) is a document that shows how energy-efficient a property is on a scale from A to G, with A being the most efficient and G the least. The target as stated above is a minimum EPC rating of 'C' for properties (where practical, cost-effective, and affordable) by the year 2030. Achieving an EPC rating of 'C' or higher is indicative of good energy efficiency and reduced environmental impact.

Our current position is very positive, over 86% of the Council's homes already have an EPC rating of 'C' or above. Alongside our existing capital works programme which achieves steady improvements to the EPC rating of our stock, Colchester City Council has been awarded £1 million from the Social Housing Decarbonisation Fund to enhance the energy efficiency of 105 properties.

2.7 Progress against the Decent Home Standard

As of end of October 2023 our progress towards achieving the Decent Home Standard has been significant, with 95% of properties meeting the standard. The categorisation of 5% of properties as non-decent based solely on the age of elements underscores our commitment to transparency in our assessment. It is essential to note that addressing this specific aspect of property conditions is part of our ongoing programme. We are actively working on targeted works to improve the required elements, ensuring that every property meets the Decent Home Standard with a target of 100% decent homes by 31 March 2024.

3. Damp & Mould Issues

3.1 Damp and mould has been an issue in housing for many years but it has not always received the focus and attention that it rightly deserves. The tragedy in 2020, where Awaab Ishak lost his life due to conditions contributed by damp and mould in his home in Rochdale, brought the situation to the forefront of the political agenda and has resulted in regulatory changes to drive improvements in the conditions of homes provided by landlords.

Together with the re-focus on damp and mould, the current cost of living crisis has exacerbated the situation with many households not being able to afford to heat their homes. A lack of heating within the home contributes significantly to condensation and if this is not managed effectively, it will result in condensation-based mould.

In response to Awaab Ishaks death and the coroner's prevention of future deaths report, the Government has recently issued guidance on understanding and addressing the health risks of damp and mould in the home.

3.2 The Governments guidance highlights the significant affect that damp and mould can have on the physical and mental health of tenants. Everyone is vulnerable, but people with

certain health conditions, children and older adults are at greater risk of more severe health impacts. Tenants' mental health can also be affected, for example from worrying about the health impacts of damp and mould, unpleasant living conditions, and destruction of property and belongings. The guidance also sets suggested landlord obligations. Responding to reports of damp and mould – all landlords should, for example:

- respond sensitively and urgently to identify the severity of any damp and mould and risks to tenants.
- tackle the underlying issue promptly and act with urgency on concerns around tenant health.
- ensure tenants are kept informed on steps to address damp and mould.
- identify and tackle the underlying cause(s) including building deficiencies, inadequate ventilation, and condensation - simply removing surface mould does not prevent reappearance.
- undertake timely inspection following remedial work to ensure the underlying issue has been addressed, undertaking further investigation and intervention for any reappearance, and
- take a proactive approach to reduce the risk of damp and mould (with a number of examples of how to do this provided in the guidance)

3.3 Damp and Mould is considered within the Housing Health and Safety Rating System (HHSRS) where any occurrences can be rated using a risk assessment-based system. Where the scoring reaches a significant score, it can be rated as a "Category 1" hazard meaning it has the potential to cause harm to health / life. Any category 1 hazards deem the property as a Decent Homes failure and need to be acted on swiftly.

Section 11 of the Landlord & Tenants Act implies a repairing covenant and Section 4 of the Defective premises Act extends duties to all landlords that have repair obligations under a tenancy including that all tenants are reasonably safe. The Homes (Fitness for human habitation) Act states that any rented home should not have any hazards.

Following the death of Awaab Ishak, updates were proposed to the Social Housing (Regulation) Bill to include Awaab's Law. It is anticipated that Awaab's law will bring in a stringent set of timescales for the survey and resolution of any damp and mould related issue.

3.4   Current position – Colchester Borough Homes

The increase in reports of damp and mould has had a significant impact on resources and CBH have looked to combat these issues by a range of measures including:

- employing an additional Surveyor and allocating admin resource.
- appointing a specialist damp contractor to respond to reports of damp and mould and resolve any issues.
- issuing a condensation guide for tenants and supporting the most vulnerable with help via our financial inclusion team.
- broadening the skills of staff and contractors to identify any damp and mould issues when visiting tenants - in doing this CBH can proactively respond to resolve the problems.

The following shows the number of cases of damp and mould reported to CBH and how these have increased in the last 18 months:

Damp & mould reports monthly
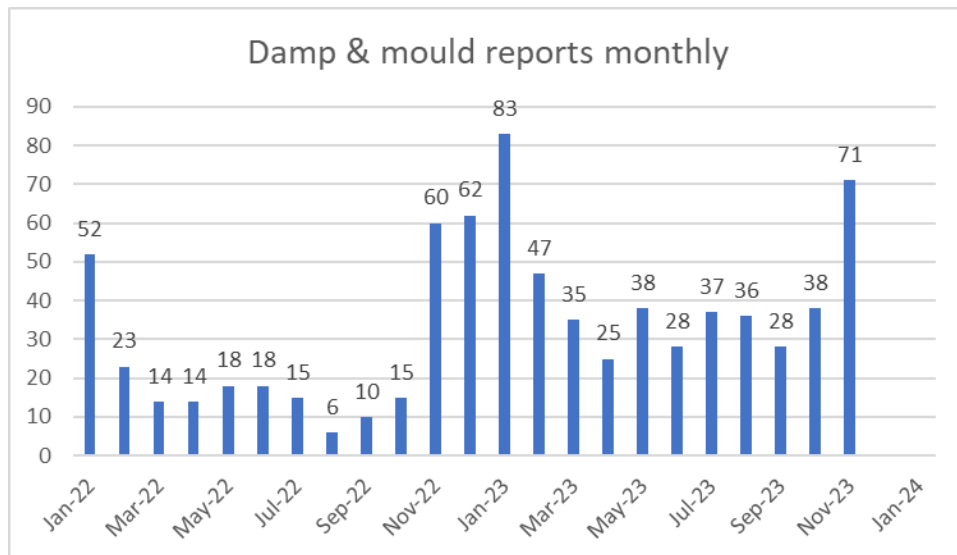
3.5 Predictive modelling

CBH have commenced works toward building a predictive model on damp and mould within our stock and we're working with Parity (software company who provide Portfolio), and Switchee (providers of smart thermostat devices being fitted to 10% of properties).

Data has been collected and we are utilising 'Portfolio' to assess property profiles and identify common factors contributing to damp and mould issues such as construction type, age, location, and historical damp and mould occurrences. These groups will serve as the basis for further analysis. This will allow CBH to compare different property profiles and understand the patterns that contribute to damp and mould problems including property characteristics, geographical location, tenant demographics, and the severity of the reported issues.

We are also able to obtain enhanced data through the Switchee devices because these carry out real time monitoring of factors such as humidity levels, and time taken to heat a property. We will also integrate property profile data with vulnerability data assessed by the Business Intelligence team and this will include socio-economic factors, tenant behaviour, and any other relevant information that may contribute to the risk of damp and mould.

The continued collaboration between different teams, including Housing Management, Business Intelligence, Repairs and Asset Management data will also be crucial for successful predictive modelling to help us combat damp and mould issues before they present a risk to our residents.   Another key component will be 'proof of concept', and it will be important to ensure that we visit properties which are identified as being on both ends of the risk scale to ensure that the findings are representative of real-world experience.

3.6 Damp and mould audit

CBH has recently had an internal audit performed on our damp and mould service. The outcome of the audit was positive with the second (of four) highest rating of "reasonable"

assurance provided. Three important actions and one routine action were recommended in the audit. One important action has already been completed (to complete an operational plan to address mould and damp repair backlogs). The remaining actions are in hand, and all are planned to be completed by 31/01/2024.

4.   Recommendations

Subject to any questions or comments, Committee is asked to:

- **NOTE** the current position regarding the stock condition surveying process and the condition of the Council's housing and that the process has been effective in providing reliable data on the state of the Council's housing stock. The proactive approach taken thus far demonstrates a commitment to maintaining the integrity of our data.
- **NOTE** the current regulatory and legislative context regarding damp and mould in social housing as well as the position with regard to damp and mould in the Council's own housing stock.