

Report to: John Golding, Strategic Lead for Housing, Health and Environment.

Date: 2 September 2019

Public Document: No

Exemption: None

Review date for release: None



Subject: **House in Multiple Occupation (HMO) refurbishment additional expenditure.**

Purpose of report: To approve works to a recently acquired property that exceed initial budget estimates under powers delegated to the Strategic Lead Housing, Health and Environment – Housing 25 - authority to enter into contracts, including the appointment, liaison and monitoring of contractors and consultants working on Council homes.

Recommendation: **That further expenditure is approved to ensure that the property recently acquired in Morton Road, Exmouth, is fit for purpose, using available budgets, by the Strategic Lead for Housing, Health and Environment.**

Reason for recommendation: To ensure that the refurbishment of the property meets regulatory compliance requirements and is suitable for occupation by our tenants.

Officer: Andrew Mitchell, Housing Needs & Strategy Manager
amitchell@eastdevon.gov.uk

Financial implications: Financial implications are contained within the budget section of the report

Legal implications: There are no legal implications on which to comment

Equalities impact: Low Impact

Click here to enter text on impact level relating to your report. Link to an equalities impact assessment form if necessary.

Risk: High Risk

Without these works the property would not meet the current statutory compliance regulations

Links to background information:) [Proposed purchase of a suitable or existing property to be used as a House in Multiple Occupation to be owned and managed by EDDC](#)

Report in full

1.0 Background

- 1.1 We reported to the Housing Review Board on 20th September 2018 and it was agreed that a House in Multiple Occupation would be acquired to be used for temporary accommodation and managed by East Devon District Council. A budget of £500,000 was approved for the purchase using Housing Revenue Account (HRA) monies and Right to Buy receipts. We completed on the purchase of a nine bedroom HMO on 1st March 2019.
- 1.2 Within the Board report a works budget of £25,000 was stated which was an estimated figure based on a cursory inspection of the property by a former member of the Repairs

team. At the time of purchase it was agreed that a light touch refurbishment would be sufficient for the intended use. Given the property was already in use as a HMO it was assumed that it complied with current regulations.

- 1.3 A full building survey was carried out prior to purchasing the property and a number of small repairs were noted as being required. This survey was a pre-purchase investigation and therefore concentrated on those parts of the property which were accessible, exposed or uncovered at the time of inspection. It was not an intrusive survey and relied on certificates available at the time.

2.0 Due diligence and results of surveys

- 2.1 Following the purchase a number of intrusive surveys were undertaken, these included:

- Asbestos management survey
- Electrical installation condition report
- Fire risk assessment
- Fire alarm & emergency lighting report
- Gas installation inspection
- Legionella risk assessment and survey

- 2.2 A project team was established to get the property operational and ensure the building met the needs of the end users. At the start it was envisaged that this property would be treated as a normal 'void' property and the responsibility for the refurbishment would lie with the day to day repairs team and contractor.

- 2.3 Unfortunately, the timing of the purchase conflicted with mobilisation of the new Integrated Asset Management contract and there was some concerns with asking the current contractor to do the works as a 'void' due to spiralling costs and timing beyond the repairs contract end date. There was also a change in staffing at this time.

- 2.4 Furthermore, the intrusive surveys revealed a number of issues, previously unforeseen, which would need rectifying to ensure the property was fully compliant, especially with regards to electrical safety. Although the property had a current electrical certificate in place which suggested the electrical installation was compliant as part of our own due diligence we commissioned another one which highlighted a number of faults and areas of non-compliance. Given the age of the property and intended use it was felt that upgrading would not be good enough and a full re-wire should be undertaken. Some upgrading had already been carried out in 2015. This also directly affected the fire alarm and emergency lighting which would then need re-wiring and replacing to upgrade the system.

- 2.6 Other areas of concern were also raised in the fire risk assessment including the internal fire doors which need to be replaced and some concealed asbestos removal in the stairwell and subsequent redecoration. All the communal areas require specialist fire Class 0 flame spread coatings.

- 2.7 Additional expenditure is also required to extend the kitchen into the dining area to have a more workable layout for residents. This should alleviate any potential stress points and ensure residents can all access the kitchen. Security enhancements have also been suggested by the project team including CCTV installation together with a more sophisticated fob type operated door entry system. This will ensure that the property can be managed effectively and help our staff and residents be safe and secure when in the property. Given the high turnover of residents and the likely vulnerability of residents the door entry system is very important so that safety and security can be maintained.

- 2.8 These refurbishment works are all required to ensure the property is fully compliant and that our residents and own staff are safe. A 'light touch' approach is now not realistic given the findings of the surveys as is the estimated figure of £25,000 for the works.

3.0 Tender of refurbishment works

- 3.1 A tender was put together to procure a contractor to carry out the refurbishment works identified following the surveys and project team's recommendations. An invitation to tender was issued in July to eight contractors with a tender deadline of 2 August. Three companies submitted a tender, two companies opted out and three did not reply.
- 3.2 Of the three companies who replied the tenders were close which suggests the price is realistic and gives us comfort.
- 3.3 The winning tender price was £128,522 and the officer recommendation is to award the contract.

4.0 Budget

- 4.1 The original budget for the acquisition was £500,000 which included £25,000 for any works required. The tender figure of £128,522 is considerably higher due to the reasons stated above.
- 4.2 We have consulted with finance who have confirmed that 30% of the refurbishment cost can be funded through Right to Buy receipts. The shortfall to fund the contract can be found from other capital receipts or the new homes development fund.
- 4.3 Due to the timings and to guarantee the project is not delayed any further we have agreed to issue the contract to the winning contractor and will be proceeding with the refurbishment.
- 4.4 Further costs associated with internal fittings and fixtures will also arise. Each bedroom will require fire resistant curtains or blinds, new fire compliant bed and mattress, a starter pack of crockery and some rooms will have microwaves. The kitchen will also need saucepans and cooking equipment. We recommend that any further expenditure above that related to the contract should be approved by the Strategic Lead for Housing, Health and Environment in consultation with Finance.

5.0 Recommendations

- 5.1 Subject to approval from the Strategic Lead for Housing, Health and Environment a report will be brought before the Housing Review Board on 19th September 2019 to update them regarding the delegated authority decision, and the progress made towards bringing the HMO into use.

Officer Executive Decision
Any conflict of interest of any other member of Cabinet consulted by the Portfolio Holder must be recorded together with the Head of Paid Service's dispensation.
Officer Decision: This unforeseen work is required to the property prior to letting. The initial cost estimate clearly underestimated the work required and on closer inspection
Reasons for decision: To allow work to proceed prior to letting and occupation of the property. I have delegated powers under Housing 25 authority to enter into contracts, including the appointment, liaison and monitoring of contractors and consultants working on Council homes.

Budgets are available within the Housing Revenue Account and Right to Buy receipts to finance the work required.

Alternative options, if any, considered and rejected: Delay the decision until the Housing Review Board meet.

Identify delegated power in constitution or delegation from committee which authorised the officer decision: Strategic Lead – Housing, Health & Environment Housing 25.

Signed:



Dated: 6 September 2019

Officer name and job title John Golding Strategic Lead – Housing, Health & Environment.

*Any conflict of interest of any other Cabinet Member consulted? Please circle: No

Dispensation granted by Head of Paid Service (Chief Executive) for that conflict of interest? Please circle: Not applicable

Equalities impact

Will the proposal impact on promoting equality/opportunity as between people of different backgrounds [age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, and pregnancy and maternity]

Neutral

Details

Proposals to mitigate any negative impacts

* A conflict of interest can be any interest which conflicts (or may reasonably be perceived to conflict) with that members' duty to take decisions only in the public interest in the light of material considerations. It is therefore much broader than a pecuniary interest. If you are in any doubt, please seek advice from the Democratic Services Team or the Monitoring Officer.

GUIDANCE NOTES (please remove from form before publication)

What should be recorded as an Officer Decision?

[Openness of Local Government Bodies Regulations 2014 with effect from 6 August 2014]

1. Where Cabinet has considered a report and delegated a decision to a particular officer.

For example: The Cabinet minute says: 'Cabinet approves the disposal of Pooh Corner to Eeyore with the agreement of detailed terms and conditions delegated to the Principal Surveyor'. The Principal Surveyor should record approval of the detailed terms and conditions as an Officer Decision. All such specific delegations will require an Officer Decision form to implement the delegation even if routine.

2. Where a non-Cabinet Committee has considered a report and delegated a decision to a particular officer.

For example: 'Audit and Governance committee delegates to the Head of Finance the tendering and selection of external audit provision for 2015 - 2018.' The Head of Finance should record approval of the detailed terms and conditions as an Officer Decision. All such specific delegations will require an Officer Decision form to implement the delegation even if routine.

3. Where an officer takes an Executive decision [one within the functions of Cabinet] under general delegation (an authorisation in the Council's Constitution) s/he must complete an Officer Decision form, unless it is a day to day administrative or operational decision.

Government guidance suggests the following as examples which should require an Officer Decision form:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/341312/140805_Openness_Guide.pdf

-) decisions about awarding contracts above specified individual or total values;
-) decisions to exercise powers of Compulsory Purchase; [although at East Devon this decision would normally be taken to Committee]
-) decisions on disposal of and/ or provision of allotment land and green spaces;
-) awarding of Discretionary Rate Relief
-) the opening hours of local libraries; and
-) the holding of car boot sales/markets on council-owned land.

Government guidance of examples of what need not be recorded:

-) decisions to allocate social carers to particular individuals, or for example, to provide walking aids;
-) decisions to allocate a social housing unit to an applicant or to send someone to carry out repairs;
-) decisions to review the benefit claims of an individual applicant and
-) decisions to allocate market stalls to individual traders.

4. Where an officer takes a decision under a general delegation [whether or not an Executive decision] s/he must complete an Officer Decision form where the effect is to:

- (i) grant a permission or licence;
- (ii) affect the rights of an individual; or
- (iii) award a contract or incur expenditure which, in either case, **materially affects the Council's financial position.** [The Council can set its own limits for this and the amount is currently under consideration]

However, the Officer Decision form is **not needed** where a written record of the decision is already required to be produced to comply with a statutory requirement and it includes the date of the decision, a record of the decision and the reasons for it. Government guidance suggests licensing applications, building control decisions and notices and listed building consents should be the subject of an Officer Decision. This list is not exhaustive – refer to your Service or Strategic Lead for guidance. As an example, a planning permission would not need an Officer Decision form because it is granted under statute and a planning permission contains the date, the decision and the reasons for it.

Government guidance suggests the following do not need to be recorded as officer decisions:

-) Routine administrative and organisational decisions such as giving permission to a local society to use the authority's premises;
-) decisions on operational matters such as day to day variations in services;
-) decisions to give business relief to individual traders;
-) decisions to review the benefit claims of an individual applicant; and
-) decisions taken in response to requests under the Data Protection Act 1998 or the Freedom of Information Act 2000.

All Officer Decisions – append background papers

Please note the requirement to append background papers to the officer decision. These are: documents relating to the subject matter of the decision which disclose facts or matters on which the decision or an important part of it is based and were relied on to a material extent in making the decision. It does not include published works.

Publication of Officer Decisions

Please be aware that publication on the Council's website of both the Officer Decision and the background papers is a requirement of the 2014 Regulations, unless it is Exempt of Confidential information [see header at top of report.] Do not publish personal information protected by the Data Protection Act without first considering whether it should be Exempt information [and therefore not disclosed]. A payment to cover postage and printing may be required before supplying a paper copy of an officer decision that is not Exempt.

New criminal offence

It is a criminal offence if, without reasonable excuse, a person with custody of a document (which is required by national rules to be made available to the public) intentionally refuses to supply part or whole of the document or intentionally obstructs any other person from disclosing such a document. If found guilty, there may be a fine of up to £200..