



Fullers Slade Stock Condition Survey Summary of Capital Replacement Works

Introduction

The following information was presented as part of a series of information boards at a Fullers Slade community event on the 25th August 2017, to communicate the analysis of the stock condition survey of council owned properties on Fullers Slade.

The full presentation can be found at <https://yourmk.co.uk/your-place/your-neighbourhoods/fullers-slade/events-fullers-slade>

1. Why undertake a stock condition survey?

This was undertaken to establish the overall condition of the housing stock in order to assess future maintenance requirements. It also provides reliable information relating to planned investment and repairs over the next 60 years. It is needed to establish and implement more robust investment planning. It does not record precise information relating to unseen components, such as foundations and floor slab construction and did not involve works to open up properties.

2. Validation of data

When surveys were completed the data was loaded into the Keystone database and validated to check for any anomalies or inconsistencies.

What is Keystone?

Keystone is an IT based asset management database utilised by YourMK to track and identify future maintenance needs. The system is widely used throughout the industry.

3. Where have the costs come from?

The costs presented have been extracted directly from Keystone.

The data held on Keystone has been validated by the stock condition surveys carried out by Pennington Choices between September 2016 and April 2017. This involved surveying nearly 7,000 council-owned homes in Milton Keynes, looking at the overall condition of the major components of each property such as kitchens, bathrooms, heating, windows, roofs and electrics. An additional 2000 properties were surveyed in 2014/15, meaning that 80% of all council owned stock has been surveyed over the last 2 years.

Cost data has been extracted from Keystone to cost the capital replacement cycle for all council owned properties on Fullers Slade over the next 60 years. This means that the costs presented are actual costs that the council will pay for getting these works

done. These costs have been adopted from tender rates where applicable and from BCIS (Building Cost Information Service) where no comparable was available.

4. What are capital works?

Capital works are defined as building works that create an asset (house, commercial building etc.) that is of value, as well as work to install, fix and maintain fixtures or components associated with that asset or property. So all investment to council properties which improve the property, are referred to as capital works.

5. What are revenue works?

Revenue works are defined as works undertaken on a 'day to day' basis such as reactive repairs, emergency repairs, gas servicing and breakdowns. These are not regarded as investments as they do not replace components but repair them, and this does not necessarily correlate to enhancing their life cycle.

6. Why have you costed repairs and maintenance over 60 years?

A 60 year capital replacement cycle has been adopted in order to incorporate future roofing requirements (roofs are typically replaced every 40-50 years). The same capital replacement cycle would be used to value the capital replacements for new build properties.

7. Why have you calculated the cost of refurbishment?

This was done to assess whether it is affordable to keep all of the council owned homes in Fullers Slade.

The council owned homes on Fullers Slade are currently forecast to cost significantly more to repair and maintain than they generate in income (rent). In order to keep the homes, a considerable amount of work would need to be done to bring them up to a maintainable standard and keep them at that standard through a planned programme of maintenance. This is what has been costed.

The following exercise has been prepared to highlight costs associated with maintaining properties on a "like for like" basis over this next 60 years. This effectively means that components are replaced to match the existing.

All built assets have a whole life expectancy that determines their long term viability. Typically for a property such as those on Fullers Slade this would have been 60-70 years. They are now 46 years old and are more than halfway through their life cycle, and have already had significant remedial works in the form of replacement of significant amounts of the timber cladding with vertical tile hanging.

Notwithstanding the above, whilst YourMK are pursuing this option going forward, we have serious concerns regarding the structural viability of the properties. This investment will not increase the life expectancy, and a number of the properties will simply not be habitable for another 60 years.

A similar exercise has also been undertaken to prepare a cost plan which incorporates elements of enhancement. This proposed enhancement includes an allowance to build a cavity brick wall to enclose the properties. This has major benefits in respect of reducing future maintenance costs along with improving the thermal performance of the building. However this would increase the initial capital investment required and

would very likely require tenants moving out of properties whilst these works are undertaken.

Due to the intrusive and disruptive nature of the works required to bring properties up to statutory compliance standards and mitigate future cyclical maintenance requirements, it is not economically viable to pursue this option further.

8. What is not allowed for?

Any unadopted areas; shops and commercial units are not include in the stock condition data.

9. Future planned investment works

These are the works that relate to the overhaul and refurbishment or replacement of building components to maintain the property in a lettable condition.

All components have a life expectancy, and when this is reached they have to be replaced. Sometimes they can fail prematurely or suffer from damage (accidental or deliberate) that shortens this life expectancy, and contingency allowances are made to cover such eventualities. The life expectancies uses were derived from:

- RICS & BRE “Life Expectancies of Building Components”
- Manufacturer and industry standards
- Councils experience
- Surveying firms experience

10. Life cycle allowances

The following have been allowed for in relation to replacement of components.

Element	Life Cycle
Pitched Roof Covering	60-70 years
Flat Roof Covering	15-20 years
Windows	30 years
External Doors	30 years
Communal Doors	20 years
Kitchens	15 years
Bathrooms	15 years
Boilers	11 years
Electrics	30 years

Note: all of the above are subject to review following specification analysis and manufacturer warranty provisions

11. What is the full breakdown of the costs presented?

The costs presented are made up of the following:

‘Like for Like’ Basic Option:

Category of Expenditure	Cost	Additional Description
External and internal maintenance		
- New roofs	£2.838m	
- External wall improvements	£1.065m	
- Windows replacement	£2.003m	

<ul style="list-style-type: none"> - External doors replacement - Electrics replacement - Heating systems - Fire safety and security works - Kitchen replacements - Bathrooms replacements - Work to communal areas of flats - Work to fencing, gates, boundary walls, garages, paving and paths 	<p>£0.996m £2.001m £4.414m £0.537m £4.125m £2.097m £2.680m £4.792m</p>	
<p>Planned maintenance and likely repair costs</p> <ul style="list-style-type: none"> - Planned repairs - floor boards, plaster etc. - Reactive repairs, statutory compliance testing, general maintenance 	<p>£4.170m £15.335m</p>	<p>This comprises planned maintenance work and non-planned repair work resulting from emergencies or property damage e.g. a water leak from above or from your home that affects others. It also includes annual cyclical maintenance including gas servicing or other statutory compliance testing.</p> <p>Cost information has been extracted directly from the Keystone asset management database and therefore is based on the cost of recently completed or tendered works.</p> <p>The cost also includes an allowance to construct fire breaks to the roof voids of the 90 flats on Fullers Slade, to ensure they remain safe to be occupied.</p> <p>Fire risk assessment surveys have been completed and associated costs have been incorporated into the cost plans.</p>
Remove & replace car port etc.	£1.085m	An allowance has been included to remove and replace existing car ports.
Removal of asbestos	£1.668m	Costs associated with the removal of asbestos have been taken from actual works costs taken from the Keystone asset management database. This would be allowed for as planned works undertaken as a single programme.
<p>Management & refurbishment of void properties</p> <ul style="list-style-type: none"> - Tenancy termination - Property inspections - Identifying rechargeable works and other tenant responsibilities - Ordering and supervising repair work - Offering tenancies and arranging viewing - Creating tenancies, signing tenancy agreements etc. - Cost of undertaking works 	£6.272m	These are costs associated with void management and refurbishment and related activities and is based on real costs taken from the Keystone asset management database.
Disabled Adaptions	£2.978m	Works to existing properties to ensure compliance with statutory requirements or adaptions to properties for individuals, as their circumstances change.
<p>Preliminaries</p> <ul style="list-style-type: none"> - Works contractor management costs - Scaffolding 	£16.110m	These are the additional costs that are associated with the delivery of all works – includes contractor overheads and profits that are based on the contract percentage additions

<ul style="list-style-type: none"> - Site accommodation - Site compounds - Security - Insurances - Temporary accommodation/refuge areas - Overheads and profit 		<p>agreed between Milton Keynes Council and The Mears Group upon formation of the YourMK Joint Venture Partnership.</p> <p>The provision of scaffolding is also included here.</p>
Fees and contingencies	£15.785m	<p>An allowance for design and professional fees, surveys etc. has been included based upon 10% of the total works costs.</p> <p>An overall contingency of 10% has also been allowed to cover any unforeseen works that may arise.</p>
Total	£90.951m	

Enhanced Option

Category of Expenditure	Cost	Additional Description
External and internal maintenance <ul style="list-style-type: none"> - New roofs - External wall improvements - Windows replacement - External doors replacement - Electrics replacement - Heating systems - Fire safety and security works - Kitchen replacements - Bathrooms replacements - Work to communal areas of flats - Work to fencing, gates, boundary walls, garages, paving and paths 	£2.838m £0m £2.003m £0.996m £2.001m £4.414m £0.537m £4.125m £2.097m £2.680m £4.792m	Costs excluded - cavity wall built
Planned maintenance and likely repair costs <ul style="list-style-type: none"> - Planned repairs - floor boards, plaster etc. - Reactive repairs, statutory compliance testing, general maintenance 	£4.170m £15.335m	<p>This comprises planned maintenance work and non-planned repair work resulting from emergencies or property damage e.g. a water leak from above or from your home that affects others. It also includes annual cyclical maintenance including gas servicing or other statutory compliance testing.</p> <p>Cost information has been extracted directly from the Keystone asset management database and therefore is based on the cost of recently completed work.</p> <p>The cost also includes an allowance to construct fire breaks to the roof voids of the 90 flats on Fullers Slade.</p> <p>Intrusive surveys are being undertaken with reports being prepared and submitted to YourMK for review.</p> <p>Fire risk assessment surveys completed – awaiting reports.</p>
Remove & replace car port etc.	£1.085m	An allowance has been included to remove and replace existing car ports.
Removal of asbestos	£1.668m	Costs associated with the removal of asbestos have been taken from actual

		works costs taken from the Keystone asset management database. This is a one off cost.
Management & refurbishment of void properties <ul style="list-style-type: none"> - Tenancy termination - Property inspections - Identifying rechargeable works and other tenant responsibilities - Ordering and supervising repair work - Offering tenancies and arranging viewing - Creating tenancies, signing tenancy agreements etc. - Cost of undertaking works 	£6.272m	These are costs associated with void management and refurbishment and related activities and is based on real costs taken from the Keystone asset management database.
Disabled Adaptions	£2.978m	Works to existing properties to ensure compliance with statutory requirements or adaptions to properties for individuals, as their circumstances change.
Enhanced works	£9.671m	Construction of cavity walls to improve thermal performance and reduce future maintenance costs. Cost includes to temporarily relocate tenants
Preliminaries <ul style="list-style-type: none"> - Works contractor management - Scaffolding - Site accommodation - Site compounds - Security - Insurances - Temporary accommodation/refuge areas - Overheads and profit 	£18.020m	These are the additional costs that are associated with the delivery of all works – includes contractor overheads and profits that are based on the contract percentage additions agreed between Milton Keynes Council and The Mears Group upon formation of the YourMK Joint Venture Partnership.
Fees and contingencies	£17.993m	An allowance for design and professional fees, surveys etc. has been included based upon 10% of the total works costs. An overall contingency of 10% has also been allowed to cover any unforeseen works that may arise.
Total	£103.675m	

12. Funding gap

The full investment need for the estate is then compared to the revenue generated from the rental income for the council owned properties on Fullers Slade. This shows a current funding gap of £32.57 million over a 60 year period, based on the 'like for like' option.