

CHESHIRE FIRE AUTHORITY

MEETING OF: ESTATES AND PROPERTY COMMITTEE
DATE: 6TH NOVEMBER 2020
REPORT OF: DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: ANDREW LEADBETTER

SUBJECT: SERVICE HOUSING

Purpose of Report

1. To provide an update on the programme to refurbish the service houses and to confirm progress with ancillary matters relating to the service houses.

Recommended: That Members;

[1] Note progress.

Background

2. The Fire Authority owns service houses in five locations (Congleton, Knutsford, Northwich, Stockton Heath and Winsford). All of the houses were originally used by staff operating the day crewing duty system. However, staff occupying the service houses in Knutsford and Stockton Heath now work the on-call duty system. Staff occupy the service houses under a license. Staff working the day crewed duty system pay a subsidised license fee. Other staff pay a higher license fee.
3. The condition of the houses had deteriorated over time. Their upkeep had, due to budget constraints, been quite piecemeal. However, the overall the maintenance of the houses costs was costing more than the rental income.
4. This Committee considered a report in March 2019 that was concerned with the creation of a programme to refurbish the service houses (and other ancillary matters). This ultimately led to the Fire Authority approving the sale of five service houses that were considered to be surplus to requirements. The report in March 2019 mentioned the following activities associated with the refurbishment programme:
 - Confirmation of Service need
 - Description of the Service's standard
 - Establishment of a budget requirement
 - Delivery of an end to end process for licences
 - Preparation of a new licence agreement
 - Sale of surplus houses on the open market to create a fund

Information

Works To-Date

5. Investment in the service houses has been considerable during 2019-20 and 2020-21. The following works have been delivered as part of the refurbishment programme:
 - Lofts of all houses insulated (including loft ventilation)
 - Full refurbishment of 2 houses in Knutsford (including new boilers, kitchens and bathrooms as well as roofing work)
 - Full refurbishment of 2 houses in Congleton (including new boilers, kitchens and bathrooms as well as roofing work)
 - All flat and pitched roofs replaced on Northwich houses (including asbestos removal, soffits sealed, cladding on porches and replacement of steel posts)
 - Pitched roofs replaced on 9 houses in Knutsford (including asbestos removal)
 - Pitched roofs replaced on 2 houses in Stockton Heath
 - 14 boilers replaced
 - 12 new kitchens installed
 - 5 new bathrooms installed
 - A number of sprinklers systems removed and made safe
6. Whilst this is a considerable list of works, it highlights the fact that a significant proportion of the funds that we hoped would be spent on refurbishment works, e.g. replacement kitchens and bathrooms have had to be spent on maintenance works, e.g. replacement roofs. This has, inevitably, slowed down the refurbishment of the service houses.

Sales of Service Houses

7. So far two service houses have been sold, with the sale of one other understood to be imminent. The remaining two service houses are proving difficult to sell and discussions are ongoing with the agents about how these properties can be successfully marketed.

Processes and Documentation

8. Officers have reviewed the processes and documentation associated with the management of the service houses. This has involved the licensees. This work has led to a better understanding of responsibilities and expectations. A new license has been created, as well as a residents handbook. A dedicated place has been created on the Intranet.

Financial Implications

9. One of the actions mentioned in paragraph 4 was the establishment of a budget requirement. To this end some condition surveys were prepared. However, it was acknowledged that these surveys would only provide an initial view. At that point the budget requirement was set at £880k, although there was an expectation that the true cost of the works to could easily be significantly more. Once the works were started it became clear that the service houses were in

worse condition than expected. The works themselves also unearthed further issues that needed to be addressed. Due to the way that the work on the service houses is funded (some is refurbishment work and some is maintenance work) it is difficult to say with certainty what the overall spend needs to be in order to bring the service houses up to an acceptable standard.

10. During 2019-20 circa £360k was spent on the service houses, with a further £550k due to be spent by the end of 2020-21. Of these sums, around £580k, in total, was attributable to the refurbishment programme – the rest being spent on reactive maintenance. This leaves just £300k of the initial £880k budget to complete the refurbishment works.
11. The sum that is expected to be spent on service houses during 2021-22 will be in the region of £300k (to cover refurbishment works and reactive maintenance). This will not be sufficient to conclude the refurbishment works, but a similar investment during 2022-23 should see a significant proportion of the refurbishment works completed, provided maintenance works do not need to draw too heavily on the available funding.
12. The sum that can be spent on the service houses cannot exceed a threshold that changes each year (depending upon a number of factors). This threshold is important: if it is breached it will not be possible to reclaim a proportion of the VAT and this is a considerable sum.
13. The sale of two of the service houses has brought in £337,500 at the time of this report. It is hoped that the sale of the three remaining houses will see further income of between £520,000 and £545,000. Some fees will need to be deducted from these figures, but Members will see that the sale of these surplus assets will provide a significant sum.

Legal Implications

14. There are no legal implications arising from this report.

Equality and Diversity Implications

15. There are no equality and diversity implications arising from this report.

Environmental Implications

16. There are no environmental implications arising from this report.

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BACKGROUND PAPERS: NONE