

This Report will be made public on 8 October 2019

Report Number **C/09/31**

To: Cabinet
Date: 16 October 2019
Status: Key Decision
Responsible Officer: Sarah Robson, Chief Housing Advisor
Cabinet Member: Cllr D Godfrey, Cabinet Member for Housing, Transport and special projects

SUBJECT: ELECTRICAL INSTALLATION TESTING FOR HOUSING, WATER RISK ASSESSMENTS AND BUDGET SUMMARY

SUMMARY: This report has been prepared in response to the safety compliance issues identified in respect of East Kent Housing's management of the housing tenanted properties. The report reviews the current position with EICR compliance and makes recommendations on a new inspection regime. The report further updates the position with regards to water risk assessments and the budget provisions needed for completion of these works. The report ends with a summary of year to date additional costs for compliance improvements mainly related to additional EKH staff.

REASONS FOR RECOMMENDATIONS:

- The recommendation to move to a five-year rolling programme of EICR inspections is based on best practice and expected legislative changes.
- The recommendation for additional funding water risk assessment compliance works is based on health and safety requirements.

RECOMMENDATIONS:

1. To receive and note report C/09/31.
2. To approve the recommendation that the council adopt a five-year rolling programme of electrical installation testing of its tenanted properties.
3. An additional budget provision of £118,000 is agreed for 19/20 and subsequent years for electrical installation testing and remedial works to be funded from the HRA.
4. To note the actions and budgets allocated for Water Risk Assessment compliance works.
5. The additional budget provisions allocated to EKH for management fee increases for 19/20 and 20/21 and other costs are agreed with a full reassessment to be undertaken when considering the 2020/21 HRA budget.

1. ELECTRIC INSTALLATION INSPECTIONS

- 1.1 Electrical Installation Conditions Reports (EICRs) are periodic checks carried out by a qualified electrician testing the electrical installations within a property. This is different from Portable Appliance Testing (PAT), which tests electrical appliances. EICRs are currently completed by Mears Ltd under the main housing repairs and maintenance contract.
- 1.2 The council approach to EICRs in council tenanted properties is to complete checks when the property becomes void and before it is re-let. EICRs are also completed for mutual exchanges and for installations in communal areas. EKH report that currently there are 930 properties with EICRs recorded in the last ten years with 200 recorded within the past three-years.
- 1.3 This has been the long-standing approach to EICRs however in light of the compliance issues identified in the recent internal audit report and anticipated changes in the law, it is a good point to review and formalise the council's approach to the completion of EICRs in housing properties.
- 1.4 Any policy change would need to consider the inspection frequency and the process by which remedial works for high-risk faults could be swiftly completed.

2. LEGAL POSITION

- 2.1. An EICR is a report recording the outcome of the electrical checking process. The process commonly involves a visual inspection of the electrical installations (e.g. broken power points) followed by a check of the integrity and function of the electrical installations (e.g. circuit tests).
- 2.2. Faults identified in the course of inspections are rated: -
 - Classification code **C1** (Danger Present) - the safety of those using the installation is at risk and immediate remedial action is required.
 - Classification code **C2** (Potentially Dangerous) - indicates that, whilst those using the installation may not be at immediate risk, urgent remedial action is required to remove potential danger.
 - Classification code **C3** (Improvement Recommended) - the inspection and/or testing has revealed a non-compliance with the current safety standard which, whilst not presenting immediate or potential danger, would result in a significant safety improvement if remedied.

As the presence of any C1 or C2 item represents a danger or potential danger then this would result in an 'unsatisfactory' condition report and landlords would normally undertake C1 and C2 recommendations immediately while including C3 actions in a future planned maintenance.

- 2.3. The requirement for landlords to complete EICRs is not covered under specific legislation equivalent to the requirement for annual Landlord Gas

Safety Records under the Gas Safety (Installation and Use) Regulations 1998. The recommended practice is that EICRs are completed on tenanted properties every five-years and when a property is re-let. This based on the following: -

- The Landlord and Tenant Act 1985 creates a general duty for landlords to ensure that electrical installations in the rental property are in a safe condition at the start and throughout the duration of the tenancy.
- The Housing Health and Safety Rating System (risk-based guidance for local authorities introduced under the Housing Act 2004) identifies electrical hazards within its assessment of housing hazards. It recommends that installations meet British Standard 7671.
- BS7671 recommends an EICR test at each change of tenancy or at least every 5 years.
- The Ministry of Housing, Communities and Local Government (MHCLG) announced in January 2019 that it would introduce legislation that would require mandatory five-year electrical installation checks for private rented housing in England to be introduced in a phased approach.

2.4. For the reasons stated above, this report proposes the council adopts the policy of completing EICRS in its housing properties a minimum of every five-years. Inspections to be carried out on a rolling five-year programme and at every change of tenancy.

3. PREREQUISITIES

3.1. Before considering the overall costs of any potential changes it is important to set out some of the other prerequisites needed in order to make the inspection regime successful.

3.2. **Record Keeping/Forward Programme** – Current record keeping of EICRs has been problematic with EICRs previously retained by Mears. East Kent Housing need to keep a central record of EICRs, which also records dates completed, current status in terms of classification codes, is able generate forthcoming inspection lists and can accurately report on compliance completion.

3.3. **C1 and C2 Repairs** – When C1 and C2 faults are identified in the course of inspections they need to be quickly rectified. Repairs are commonly completed by the contractor carrying out the inspection, working to schedule of rates to an agreed financial limit (e.g. £150-£250 per property). The financial cost of the inspection regime will therefore need to include an estimate for rectification costs as well as the inspection/EICR cost.

3.4. **Post-Inspections** – East Kent Housing would also need to complete their own post-inspections to check the contractor has completed the inspection correctly, completed all rectification works and all rectification works claimed were in fact required.

4. FINANCIAL COSTS

4.1. The cost of the inspection regime is determined by two factors, the fixed per inspection cost and the variable cost to rectify C1 and C2 faults.

Year	No.	EICR	Total EICR	33%	100%	Total 33%	Total 100%
Y1	679	£ 90	£ 61,110	£ 56,583	£ 169,750	£ 117,693	£ 230,860
Y2	679	£ 90	£ 61,110	£ 56,583	£ 169,750	£ 117,693	£ 230,860
Y3	679	£ 90	£ 61,110	£ 56,583	£ 169,750	£ 117,693	£ 230,860
Y4	679	£ 90	£ 61,110	£ 56,583	£ 169,750	£ 117,693	£ 230,860
Y5	680	£ 90	£ 61,200	£ 56,667	£ 170,000	£ 117,867	£ 231,200
	3,396		£ 305,640	£ 283,000	£ 849,000	£ 588,640	£ 1,154,640

4.2. The cost estimate above is based on the following assumptions: -

- The current housing stock is 3396 properties. It is assumed that properties with current EICRs will be scheduled into later inspection years.
 - The housing stock is split evenly over 5-years although in practice the number will vary depending on re-lets taking place during the period. In addition capital funded programmes for electrical installation upgrades (e.g. C3 classification works) are not included.
 - Electrical contractors have various methods of quoting inspection costs (e.g. per property, number of bedrooms or number of circuits) but for the basis of this estimate it is assumed an EICR is needed per property. We have researched potential inspection costs and these can also range widely. A midpoint cost of £90 per property has been used.
 - For the purposes of the estimate the contractor is also allowed a maximum allowance of £250 per property for C1 and C2 remedial works. It is difficult to assess the level of remedial works that will be needed. The table includes the potential budget cost if all properties required remedial works up to the £250 allowance and an estimate based on one third of all properties. For the budget setting purposes the one third estimate is recommended.
- 4.3. Instead of a rolling five-year programme, an alternative approach would be to complete all inspections within a single period, possibly 12-18 months. An accelerated programme would be more challenging to manage and would risk that post-inspection changes in electrical standards would not be incorporated as they would within a rolling programme. However, if in the course of the year 1 inspections a high-level of C1 and C2 faults were being identified the programme may need to be accelerated.
- 4.4. On the basis of a rolling five-year inspection programme a Year 1 budget of £118,000 is recommended.
- 4.5. In terms of delivery, it is recommended that the void/re-let inspections continue to be carried out by Mears under the main repairs and maintenance

contract as these will be linked to other void works carried out at the property. A separate EICR inspection and rectification contract would be procured for the new inspection programme probably through one of the nationally available framework agreements. EKH will need to confirm that the prerequisites set out in part 3 are in place.

5. WATER RISK ASSESSMENTS

5.1. The recent EKH internal audit report into health and safety identified that whilst water risk assessments across the housing stock had been completed there remained a high number of remedial actions unresolved. The reasons for this and why it was not reported sooner by EKH are subject of investigation.

5.2. EKH report the current position for this council as: -

Water Risk Actions FHDC	High	Medium	Low	Overall Risk Count
F&HDC	319	361	65	745

5.2 The water risk assessments mainly concentrated on communal water systems in flats. The risks identified can be broadly split as follows: -

- Control Regimes – monitoring of tank temperatures, regular flushing of water systems.
- Cleansing Regimes – cleaning and disinfecting systems and tanks.
- Repairs/Replacements – replacing of asbestos clad tanks, updating systems, removing old piping and other repairs.
- Information to Tenants – information to tenants about how to manage water risks in their flats e.g. de-scaling and keeping taps and showers heads clean.

5.3. In response to the internal audit report the council requested that EKH prepare an action plan to remediate the risks identified in the assessment. In the interim, whilst this was being prepared, the Corporate Health & Safety Officer was asked to review the water risk assessments and prioritise the high risks and identify any actions that could be immediately taken. This review was completed and reported back to EKH in early August. Actions included tank disinfecting and introduction of monitoring and flushing regimes. EKH have confirmed these actions have been implemented.

5.4. EKH have recent confirmed the main action plan and cost of remedial works. This is estimated at £61,000. This does not include a tank replacement programme, which will need to be separately considered as a capital works project.

- 5.5. The council has authorised EKH to proceed with the action plan and the remedial works.

6. BUDGET SUMMARY

- 6.1. The purpose of section of the report is provide an overview of the additional budget provisions agreed in recent months in respect of East Kent Housing compliance improvement.
- 6.2. **Management Fee** - EKH have requested additional funding to the agreed 19/20 management fee to support extra resources to address the recent compliance issues. A sum of £93,201 was agreed at the Cabinet meeting on 31st July 2019 to provide contract management improvements in relation to the Gas Servicing and Heating Installations Contract.
- 6.3. Further funding is now being requested for a total of 17.7 FTE Compliance Officers and 4 Estates Officers at a total of £873,075 across all four Councils. FHDC's share of this funding is shown below:

Staffing	FTE	19/20 Part Year Cost	20/21 Full Year Cost (excl inflation)
Compliance Officers	4.43	£197,314	£225,683
Estates Officer	1	£20,955	£41,911
Total	5.43	£218,269	£267,594

- 6.4. The additional management fee requested for 2019/20 is £218,269.
- 6.5. The figures above for 2020/21 are for information only and any increase in management fee will be approved as part of the 2020/21 HRA budget setting process and will be subject to the outcome of the consultation on future housing management options, as agreed by Cabinet at its meeting on 31st July 2019.
- 6.6. It should also be noted that the Council has placed one of its own employees within EKH on secondment to ensure these checks and works are being carried out effectively. This cost will also need to be met from within the HRA budget
- 6.7. **Revenue/Capital Costs** - These figures do not include the revenue and capital costs of undertaking the work. These additional costs will be funded from existing budgets within the HRA or built into the 2020/21 HRA budget. This report sets out an additional amount with regard to electrical testing of £118,000 and water risk assessment works of £61,000. It is expected further costs will follow in relation to the works required for those other areas of compliance. These will be drawn from within the HRA current budget and balances and will be fully reviewed during the preparation of the 2020/21 budget.
- 6.7 **Legal/Consultancy** - In addition there will be further costs in relation to the consultation process and additional legal work arising out of the current circumstances. This is collectively estimated at £100,000, which will be

drawn down as required, This will, as above, be funded from existing HRA resources and any ongoing effect will be reviewed as part of the 2020/21 HRA budget setting.

- 6.8 **Capital Programme 20/21** – It is expected that the HRA capital programme for 20/21 will include provisions for capital repairs and upgrading of the council owned pumping stations, an extended asbestos removal programme potentially including the replacement of water tanks and capital works arising from the latest round of fire risk assessments.

7. RISK MANAGEMENT ISSUES

- 7.1 The following risks have been discussed in the main body of the report.

Perceived risk	Seriousness	Likelihood	Preventative action
Electrical Installation Testing	High	Medium	<ul style="list-style-type: none"> • Update EICR inspection regime. • Procure inspection and remedial works contract. • Allocate budget for the above. • EKH – post inspection and ongoing monitoring.
Water System Risks	High	Medium	<ul style="list-style-type: none"> • WRA completed. • Risk assess compliance works and prepare action plan. • Confirm works to be completed by the contractor. • Allocate budget for the above. • EKH – post inspection and ongoing monitoring.

7. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

7.1 Legal Officer's Comments (NE)

The legal position is set out in full within the body of this report.

7.2 Finance Officer's Comments (TM)

These are included in the above report

7.3 Diversities and Equalities Implications (AR)

None

8. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Andrew Rush, Corporate Contracts Manager
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The following background documents have been relied upon in the preparation of this report:

East Kent Housing – Water Risk Assessments

Appendices:

Not Applicable