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Gary Ridley      Acting Chief Executive

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23<sup>rd</sup> December 2008

Dear Councillor,

I hereby give you Notice that a Meeting of the **HOUSING SERVICES SUB-COMMITTEE** will be held in the **COUNCIL CHAMBER, CIVIC CENTRE, CROOK** on **MONDAY 12<sup>th</sup> JANUARY 2009** at **2:00P.M.**

### AGENDA

Page No.

1. Apologies for absence.
2. Declarations of Interest

Members are invited to declare any personal and/or prejudicial interests in matters appearing on the agenda and the nature of their interest.

Members should use either of the following declarations:

**Personal Interest – to be used where a Member will be remaining and participating in the debate and any vote:**

I have a personal interest in agenda item (...) regarding the report on (...) because I am (...)

**Personal and Prejudicial Interest – to be used where a Member will be withdrawing from the room for that item:**

I have a personal and prejudicial interest in agenda item (...) regarding the report on (...) because I am (...)

Officers are also invited to declare any interest in any matters appearing on the agenda.

**NOTE: Members are requested to complete the enclosed declarations form and, after declaring interests verbally, to hand the form in to the Committee Administrator.**

3. To receive an update of costs and benchmarking carried out by Dale and Valley Homes on the decent homes delivery programme. 1 - 5

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Sey Rd', is displayed within a light blue rectangular box.

**Acting Chief Executive**

Members of this Sub-Committee: Councillors Mrs Bolam, Mrs Burn, Mrs Carrick, Gale and Ward.

Chair: Councillor Mrs Bolam

TO: All other Members of the Council for information  
Management Team  
Director of Development – Dale and Valley Homes  
Customer Panel Representative



**HOUSING SERVICES SUB COMMITTEE**

**9 JANUARY 2009**

Report of the Strategic Director for the Community  
**DECENT HOMES PERFORMANCE REPORT**

**purpose of the report**

To provide an update of costs and benchmarking carried out by Dale & Valley Homes' on the decent homes delivery programme.

**background**

1. Members will recall receiving various reports from Dale & Valley Homes regarding the delivery of the decent homes programme. The achievement of decent homes is a key Council priority identified in the Council's Corporate Plan.
2. Members have recently requested further information on costs and illustration of value for money on the decent homes works.
3. The report in Annex A contains details of benchmarking and cost comparison carried out by Dale & Valley Homes.

**RECOMMENDED**

1. That consideration be given to the report attached in Annex A.

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**Officer responsible for the report**  
David Milburn  
Acting Strategic Director for Community  
Ext 379

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**Author of the report**  
David Milburn  
Acting Strategic Director for Community  
Ext 379

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**WEAR VALLEY DISTRICT COUNCIL**  
**HOUSING SERVICES SUB-COMMITTEE**

**12 JANUARY 2009**

Report of the Director of Development  
**DECENT HOMES COST BENCHMARK REPORT**

**purpose**

To provide a comparison of Dale & Valley Homes Decent Homes benchmark costs with those of a range of North East landlords.

**background**

- 1 This report provides members with a cost benchmark comparison as proposed in the last report to Housing Sub Committee on 11<sup>th</sup> November. 2008. The report compares a series of decent homes costs for a range of different landlords across the North East. Costs have been obtained for component elements of Decent Homes Programmes including replacement kitchen, replacement bathroom, heating renewal and full rewire.
- 2 Nine Social Landlord have been included. The landlords are representative of the different social housing sectors. There as follows:-
  - two traditional registered social landlords;
  - three Arms Length Management Organisations;
  - three registered social landlords created through local stock voluntary transfer (in the last five years);
  - and one authority where the stock is retained by the Council.

Across these nine landlords the method of delivering Decent Homes varies. Some are solely using external contractors, others a mix of contractors and in-house companies. Some are delivering on a whole house basis, others use an elemental approach.

- 3 The purpose of the exercise is to give members information on the range costs and quality which are found across the sector. It should be noted that the procurement of our Decent Homes partner – Dunelm Property Services was based on 60% quality and 40% cost. Therefore Dunelm Property Services were not selected on the basis of being the cheapest.

## **benchmark costs**

- 4 Costs of individual Decent Homes works will vary across landlords due to a range of factors such as: -
- Level of emphasis on customer care – costs included in this report include not only the direct labour costs of trade operatives but also reflect the labour cost of customer care teams provided by the contractor.
  - Specification - The level of technical specification also determines the level of quality.
  - Investment history – The level of work undertaken previously by a landlord will have an affect, e.g. if additional space has been provided in the kitchen in the past future replacement will be fairly straight forward and not involve providing additional space to meet the Decent Homes Standard.
  - Length of contract period or programme - those partners at the end of their Decent Homes programmes have refined affordability, specification and driven down costs. Conversely those who may have just entered into the market will be able to take advantage of the downturn in the construction trade and may be negotiating prices far below that of two or three years ago.
  - Programme volume - those landlords with extensive Decent Homes programmes may benefit from price negotiations with suppliers for larger volumes. Those with smaller scale programmes may not have such buying power

## **what is included in the cost comparison**

- 5 The costs included equate to the amounts paid to contractors and include supply and labour costs. Costs also include profit, set up costs, defect liability and insurances.

## **kitchen renewals**

- 6 There are four other landlords where the kitchen specification is comparable to that delivered by Dale & Valley Homes. Other providers have lower quality specifications in terms of tiling, flooring and quality of kitchen units and thereby lower costs.

For this group:

- costs range between £2877 and £3089 per kitchen renewal (excluding decoration)
- the average cost is £3008

- Dale & Valley Homes cost is £2877 which is 4% below the average cost in this banding.

7 DVH's kitchen costs have been reduced over the course of the programme through selection of a new supplier (as reported to Housing Sub Committee previously). This is part of our drive to reduce costs, improve standards and customer satisfaction during the life of the programme.

### **bathroom renewal**

8 There are three other landlords where the bathroom specification is similar in that they include an over bath shower.

Within this group:

- costs range between £2025 to £2382 for bathroom replacement
- average cost is £2190
- Dale & Valley Homes costs are £2321 which is 6% above the average cost in this banding

9 The supply chain review of bathroom costs will be undertaken next year to check if we can obtain a cheaper supply at the same specification.

### **Electrical rewire**

10 There are six other landlords where our electrical specification for a full rewire is similar.

Within this group:

- costs range between £2393 and £ 3436 for a full rewire
- average cost is £2928
- Dale & Valley homes costs are £2863 which is 2% below the average cost in this banding

### **heating replacement**

11 There are three other landlords where the heating specification is comparable to Dale & Valley Homes.

Within this group:

- costs range between £3918 to £4288 for a full renewal of heating.
- average cost is £4065
- Dale & Valley Homes costs are £3918 which is 4% below the average within this cost banding

- 12 The Decent Homes heating supply chain has been actively reviewed in the last few months. We are shortly to agree a revised supply chain which will produce a small saving on our existing costs in the following financial year.

### **Conclusion**

- 13 The cost benchmarking exercise has demonstrated that our costs for kitchens, heating and electrical renewals are below average given their high quality specification. However, our cost for bathroom renewals exceeds the average cost and work is being undertaken by the Partnership Board next year to assess the reason and look for potential supply chain savings.

### **financial and value for money implications**

- 14 Value for money is determined by both benchmarking cost, quality and satisfaction and measuring its improvement year on year. In previous reports to the Committee we highlighted benchmarking that had been undertaken on satisfaction and that our results showed the Decent Homes delivery to have the 4<sup>th</sup> highest satisfaction rating out of 13 other organisations measured. In this report we have benchmarked both quality and cost on four Decent Homes components of similar quality and highlighted that three have below average costs. To further demonstrate value for money continuous benchmarking will be undertaken on cost, quality and satisfaction to highlight year on year progress.

### **equality and diversity implications**

- 15 It should be noted that there is a link between cost of Decent Homes delivery and the support requirements of customers. Where a landlord has a high proportion of vulnerable customers and has set clear standards as to how they are to be supported throughout the process this cost will be reflected in unit costs as part of the overall contractors' labour costs.

### **recommendations**

- 1 Members are asked to note and discuss the information presented in this report.

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Author of the report  
Amanda Senior  
**Director of Development**  
Ext 506

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