



## ASSETS, DEVELOPMENT AND INVESTMENT COMMITTEE

17 October 2013

### PRESENT:

#### Directors

Paul Foy (Chair)  
Joanne Carr  
Pauline Dillon  
Eileen Gill  
Peter Mole  
Gordon Spring

#### Advisers

Neil Bouch	Director of Customers and Communities
Kevin Johnson	Head of Customer Services
Phil Gallagher	Head of Investment and Development
Simon Chrisp	Asset Manager
Phil Hogg	Repairs Service Manager
Stuart Gibson	Governance and Risk Officer

#### Also Present

Tom Brown	Mears
Steve Osborne	Mears

#### Apologies

Helen Hall

### 11 MEMBERSHIP

The appointment of Helen Hall onto the committee was noted.

### 12 MINUTES

The minutes of the meeting of the committee held on 20 June 2013 were approved as a correct record.

### 13 ASSET MANAGEMENT STRATEGY 2013-18

The committee received an update and presentation on progress with the development of the Asset Management Strategy 2013-18 which lays out the Company's approach to the management of the assets the Company is responsible for.

The asset strategy document has been drafted in preparation for discussions with stakeholders. Consultation will be carried out during October and November.

Once the consultation is complete the strategy will be finalised, taking account of all feedback and opinions. The completed strategy will then be published in January 2014.

A copy of the presentation has been posted on the TGHC Website.

- RESOLVED – (i) That the information be noted and a mutually convenient date in November 2013 be agreed for a committee workshop to review the Asset Management Strategy and its priorities, and the committee's preferred areas to focus on be identified in advance of the workshop.
- (ii) That the committee receive the report going to the Council's Cabinet on the proposals for a tower block energy efficiency scheme.

#### **14 RESPONSE TO DECC CONSULTATION**

The committee received details of response to a recent Department of Energy and Climate Change (DECC) consultation on updates to Electricity & Gas (ECO) Order 2012.

The Energy Company Obligation (ECO) which was formally launched in January 2013, placed a legal obligation on energy suppliers to deliver ambitious carbon savings and heating cost reductions by March 2015. The ECO Order is the Statutory Instrument which sets out the legal requirements applying to obligated energy suppliers in delivering their carbon and notional bill saving obligations.

ECO grant funding will be targeted to improve affordable warmth, by boiler repair and replacement (fuel poverty) and reduce carbon emissions by insulating "hard to treat" solid walled properties. The Government's main aims are to tackle fuel poverty, reduce carbon emissions, create jobs and to stimulate the low carbon economy.

The consultation proposed six small amendments to the ECO to ensure the Order aligns with the broader regulatory and delivery landscape. These questions proposed key changes to help improve the viability for window installation, district heating, works to void properties and the implications of Universal Credit.

The response to the consultation has been agreed with Gateshead Council. The consultation response was endorsed by the Council's Cabinet on 17 September 2013.

The committee considered it to be a very good and positive partnership response to the consultation.

RESOLVED – That the agreed response to the consultation from TGHC and Gateshead Council be noted.

## **15 AFFORDABLE WARMTH SCHEME FOR LEASEHOLDERS**

The Company manages over 800 leasehold properties across the borough. Leaseholders pay an annual service charge to TGHC for management and any external repairs/improvements are carried out through TGHC and re-charged to the leaseholder.

Recent issues relating to leaseholders heating system have been identified in relation to non-compliant flues. As these properties are part of a Council maintained structure, the issues with the flues can affect Council tenancies and other leaseholders.

TGHC has been looking at ways to assist these leaseholders in changing their heating system to meet current regulations. However, many leaseholders have told TGHC that they are unable to afford the cost of updating their heating system.

Having identified the issues experienced by leaseholders, TGHC has identified a funding source from the Energy Company Obligation Funding under the Home Heating Cost Reduction Obligation (HHCRO). This allows grant funding to be used towards the replacement of older inefficient boilers for eligible householders.

With the HHCRO private owners, leaseholders and private tenants can qualify. Householders renting social properties are excluded from this scheme.

TGHC has been successful in accessing up to £1,000,000 worth of funding to enable qualifying leaseholders to have their boiler replaced for free. To qualify for the funding, householders must meet the agreed criteria, details of which were reported.

The 730 leaseholders have been provided with scheme details and advised that an initial survey is required. This visit will provide details of the scheme and assess eligibility for the boiler replacement.

Leaseholders living in multi-storey blocks have not been included, as their heating systems are not suitable for one-off upgrades and need to part of a whole block improvement.

Initial surveys will be carried out by Cosyseal and are targeted to be completed by December 2013, with all installations complete by March 2014. TGHC will benefit from receiving asset data on leasehold boilers following this assessment.

A management fee of 5% will be rebated to the Company from every installation. This will cover TGHC's costs for quality checks, administration, marketing and monitoring customer satisfaction.

The committee considered this to be another very positive story.

RESOLVED – That the information be noted and the committee receive further updates on progress at future committee meetings on the following: -

- An overview of the installation programme
- Number of qualifying customers who receive works
- An overview of the sample audits carried out by TGHC on the installations
- A summary of customer satisfaction and feedback from the leaseholder service improvement group.
- Details of the warranty arrangements.

## **16 2013/14 CAPITAL UPDATE – END OF SECOND QUARTER**

The committee received an update on the delivery of the capital programme for 2013/14 at the end of the second quarter.

Five lifts are programmed to be replaced as part of this year's planned works. Final installation is scheduled for January 2014.

Fire safety works to sheltered housing schemes has commenced and works are almost complete at McErlane Square, Harrison Court, Pleasant Place and Birtley Villas.

All fire safety works to multi-storey flats were concluded during 2012/13 with the exception of Regent Court, where an innovative sprinkler installation was deemed to be the most appropriate solution. The committee felt that in the future the Company should be looking at ways of having sprinkler systems in more multi-storey blocks.

Three of 14 Equality Act works to communal lounges were complete at the end of September (McErlane Square, Joyce Close and Woods Green) with the remaining schemes in development.

All Equality Act works to multi-storey flats schemes are currently in development with Design Services but physical works are expected to be completed during remainder of this financial year.

Having analysed performance during 2012/13 and discussed opportunities for better ways of working with the delivery partner, the Company took a more strategic approach to the programme this year and estates were identified with a high concentration of work to maximise efficiencies and avoid resources being spread across several areas.

The Maintaining Decency Programme for 2013/14 comprises initially of works to 1,244 properties. Covering individual elements such as re-wiring, boiler replacement, kitchen replacements and bathroom renewals. Work commenced in April and much of the first quarter was focused on development and surveying. The programme commenced on site during June. Currently the programme is around 30% complete and on target to conclude in early 2014. There have been a number of drop outs and the Company is working with LES to identify reserve schemes to back fill in order to provide continuity for the LES delivery streams through to April 2014.

The Company is also looking at introducing a package of external works to be delivered in the final quarter of this year to renew flat roofs and address condensation issues.

This year's window programme consists of 249 homes. This work is going through a tendering process with installation expected to be carried out between January and March 2014. The estates that will receive replacement windows in 2013/14 were reported.

In addition the following schemes are currently in the programme: -

- Remote door entry and CCTV - discussions are being held with the Council regarding the prioritisation of this work.
- Tunstall Carecall scheme to upgrade the system on 389 properties completed September 2013.
- Communal Electric upgrades to Barnes Close – One block completed and one block work in progress. Regent Court has received measures to improve communal lighting and fire alarm install. Crowhall Towers is due to commence early 2014.
- A two year External Wall Insulation (EWI) programme to 631 properties, located mainly at Leam Lane estate – the works are to non-traditional house types BISF, Wimpy no fines and Dorrans. The £4.5M programme is virtually fully grant funded and is being undertaken by Mears and project managed by an external agent. A mirror contract programme is being carried out concurrently through Home Group using the same contracting and management resources. The resulting insulation works together with associated 30 boilers and 162 properties receiving windows will improve the SAP ratings for the harder to heat homes and reduce fuel poverty. Works are programmed to commence 21 October 2013.

RESOLVED – That progress to date with the capital programme 2013/14 be noted.

## **17 REPAIRS AND MAINTENANCE CONTRACT – FIRST QUARTER OVERVIEW 2013/14**

The committee received an overview of the operation of the repairs and maintenance contract for the first quarter of the current financial year.

17,814 responsive repairs were completed in the first quarter which is generally in line with expectations. There was however a significant increase in relet work to vacant properties. 402 relets were completed in the period, but 488 were raised, meaning that the number of vacant properties outstanding increased.

There had been a 33% increase in the number of Council tenants terminating their tenancy in the first quarter and this has been attributed to the impact of Welfare Reform. To respond to the increase in relet work, Mears have engaged additional sub-contractors and there has been a joint focus on improving the relet process.

Satisfaction with the standard of repairs carried out continues to be high and levels of complaints have reduced. Performance on key performance indicators is below target in relation to repair appointments and timescales, but there have generally been improvements month by month. A particular area for improvement has been the ability to book appointments when customers' first report repairs. There have been a number of system issues since the contract was launched which have impacted on this, but more recently very good performance has been recorded in September.

A contract review document for the quarter has been jointly produced by service managers from Mears and from the Company, details of which were reported.

In addition to key performance information, a performance scorecard has been developed with Mears in order to demonstrate the breadth of activity within the contract. A copy of the draft scorecard was submitted and a completed version will be provided at the next meeting of the committee.

Details of the financial information previously included in the Management Accounts reported to Resources Committee on 10 September 2013 were submitted.

The committee felt that the company needed to receive invoices from Mears on a timelier basis to assist with discussions with the Council regarding the significant increase in voids at the first quarter.

- RESOLVED –
- (i) That progress to date on the management of the repair and maintenance contract with Mears in the first quarter 2013/14 be noted.
  - (ii) That the committee receive more information at its next meeting regarding the partnership with Gateshead College around apprenticeships.
  - (iii) That the next meeting of the committee be held at Mears Head Office at the Delta Bank, Gateshead, including a tour of the premises.

## **18 FORWARD PLAN**

The committee received a forward plan of reports which will be presented to the committee during the next year.

RESOLVED – That the forward plan be noted.

## **19 DATE AND TIME OF NEXT MEETING**

The next meeting of the committee will be held on Thursday 13 February 2014 at 2pm in Board Room 1 at Keelman House, Fifth Avenue Business Park, Team Valley, Gateshead.

**20 EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED – That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Category 4 of the Company's Access to Information Rules.

**21 MINUTES (Category 4)**

The minutes of the meeting of the committee held on 20 June 2013 were approved as a correct record.