



**ASSETS, DEVELOPMENT AND INVESTMENT COMMITTEE
(Held at Mears Headquarters)**

26 February 2014

PRESENT:

Directors

Paul Foy (Chair)
Joanne Carr
Mick Davison
Pauline Dillon
Eileen Gill
Helen Hall

Advisers

Phil Gallagher	Head of Investment and Development
Kevin Johnson	Head of Customer Services
Phil Hogg	Repairs Service Manager
Russell Urwin	Repairs Partnership Manager
Stuart Gibson	Governance and Risk Officer

Also Present

John Norton	Mears
Ian Price	Mears

Apologies

Peter Mole
Gordon Spring

22 MEMBERSHIP

The membership of the committee was noted.

23 APPOINTMENT OF DEPUTY CHAIR

RESOLVED – That Joanne Carr be appointed as Deputy Chair of the committee.

24 MINUTES

The minutes of the meeting of the committee held on 17 October 2013 were approved as a correct record.

25 MATTERS ARISING – ASSET MANAGEMENT STRATEGY 2013-18

The completed Asset Strategy will be presented to the meeting of the committee in June 2014.

26 REPAIRS AND MAINTENANCE CONTRACT – END OF THIRD QUARTER 2013/14

The committee received an update on the operation of the repairs and maintenance contract up to the end of the third quarter of the current financial year.

At the end of the third quarter, 41,635 responsive repairs had been completed (averaging 1,041 per week). In the full year of 2012/13, there were 52,098 repairs completed (averaging 1,002 per week).

1,424 vacant properties have been passed to Mears for relet works so far this year, which is comparable to the full year in 2012/13. The impact of housing benefit reductions for under-occupancy has been linked to the increase in tenancy terminations since April 2013.

14,631 gas services have been carried out to date, with 22 properties overdue by end of December 2013 but with action planned to ensure compliance. Concern was expressed about this but the committee was reassured by the fact that the Gas Servicing Manager was now able to issue warrants and that all possible measures were being taken to gain access to every property.

The electrical testing programme and the painting programme are both on track to be completed by year end. 955 out of 1,281 electrical tests have been completed and 1,558 out of 2,120 properties have been painted.

Satisfaction with the standard of repairs carried out continues to be high and complaints have continued to come in at a lower rate than in the previous year. When trends in complaints are identified, these are discussed with the contractor so that action to remedy can be taken.

At the start of December 2013, telephone calls for emergency repairs outside of normal opening hours began to be received directly by Mears 24/7 team, rather than by the Council's Carecall team. The transition has been a smooth one and an analysis of the impact of the accompanying change in opening hours will be reported to the next meeting of this committee.

Performance on key performance indicators for repair appointments and timescales is not in target, but there have been continued improvements. A summary of performance indicators was submitted.

There remain some areas for development and improvement, particularly in delivering efficiencies in terms of the operation and management of the repair contract. To support this, Mears have commenced a review of the two key areas of delivery, namely void management and repairs delivery with the results of the reviews timetabled to inform service delivery in 2014/15. The Company is integral to these reviews and the findings will inform the joint working of the partnership going forward.

The regular contract review document has been jointly produced by service managers from Mears and from the Company and a copy of this was submitted.

In addition to key performance information, a performance scorecard has been developed with Mears in order demonstrate the breadth of activity within the contract. A copy of the scorecard was submitted.

The repairs budget was set with all Mears budgets reduced by a 3% efficiency saving as agreed in the repairs tender. All other budgets have remained at the same level as 2012/13.

The overall position at the end of the third quarter is an overspend of £290,000. There are two areas of concern that are being closely monitored in partnership with the Council and Mears, namely responsive and relet repairs.

The Company is currently anticipating to be overspent by £520,000 by the end of the financial year. The committee expressed its concern about this and although it was noted that the Resources Committee had received reassurances at its meeting on 25 February 2014, requested a report showing evidence of what the Company was doing to mitigate this overspend.

- RESOLVED – (i) That progress on the management of the repair and maintenance contract with Mears at the end of the third quarter 2013/14 be noted.
- (ii) That the committee receive a report showing evidence of what the Company was doing to mitigate overspend in the repairs budget.

27 CAPITAL UPDATE – END OF THIRD QUARTER 2013/14

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

Nine lifts were identified as needing to be replaced this year. By the end of the third quarter, work had been completed at three lifts. A further five were all in progress and expected to be complete within this financial year. A further lift refurbishment at St Cuthbert's Court is programmed to start in March 2014.

Fire Safety Works to sheltered housing schemes are almost complete.

All fire safety works to multi-storey flats were concluded during 2012/13 and the Company was currently working through the process for Final Completion Certification. The sprinkler installation at Regent Court was completed in October. One flat still remains outstanding which is subject to legal action to allow access. Satisfaction from customers with the installation of this scheme is at 98.2%.

14 Equality Act works to communal lounges were programmed to receive works this year and all were nearing completion at the end of the third quarter.

Equality Act works to multi-story flats have been developed by Gateshead Council's Design Services and prices are being sought from Local Environmental Services to deliver the works. The majority of capital spend this year has been focused on preparatory audits and designs with physical works will commence in early 2014/15.

The Maintaining Decency programme for 2013/14 comprised initially of works to 1,157 properties. Currently the delivery of the remaining original programme is around 95% complete and on target to conclude in April 2014. There have been 248 of the original properties omitted. Reserve schemes have been identified on four estates with works required to a further 453 properties. LES commenced working on these in January and this work will continue through the final quarter, although it is expected that this additional work may run into the following financial year, with the programme concluding in late April.

In addition to the reserve properties, a package of external works to renew flat roofs and address condensation issues at St James Village is being developed and this work is expected to commence in April 2014.

The window replacement programme for the current year included 249 homes. This work has gone through a joint tendering process in partnership with LES and Anglian Windows were awarded the work. Installations will be commencing in February 2014, with delivery continuing into 2014/15.

At the end of December, communal electric upgrades had been completed at Barnes Close, with a further two blocks in progress. The fourth and final block, Sydney Court recently commenced. In addition, work has been carried out at Regent Court to improve communal lighting and fire alarm installation. Crowhall Towers was a block that was due to have both the communal and flat electrics upgraded in 2013/14 but a decision was taken in partnership with the Council to defer this work until 2014/15 to tie in with a potential energy efficiency scheme that is being developed for the block.

The two year External Wall Insulation (EWI) programme to 631 properties is currently in progress. Located mainly on the Leam Lane estate, this scheme commenced during the third quarter.

In addition to the insulation works to TGHC managed properties, 30 properties will receive boiler replacements and 162 properties will receive windows. Works commenced in October 2013 with 65 properties in progress by the end of the third quarter.

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

28 WINDOW REPLACEMENT PROGRAMME 2014/15

The committee received a summary of the proposed third year of the single glazed timber window replacement programme.

721 properties have been provisionally identified for inclusion in the 2014/15 window replacement programme. These properties are spread across 18 estates, where possible phased works that cross financial years will run concurrently.

RESOLVED – That the third year of the single glazed timber window replacement programme be noted.

29 ENERGY COMPANY OBLIGATION WORKS PHASE 2

On 5 March 2013, the committee received a report on the Energy Company Obligation works that proposed to provide external wall insulation to over 600 Council properties, predominantly in the East of Gateshead.

This scheme was procured in partnership with the Home Group and the delivery of these works is currently under way.

Through the procurement exercise undertaken for the ECO works last year, TGHC identified a funding partner in Cosyseal Limited and have continued to build a relationship with this company to look at possibilities for accessing further grant opportunities to improve the Council's stock of low-rise non-traditional dwellings and help tackle fuel poverty within Gateshead.

Under ECO, energy companies were required to spend around £1.3billion in funding between January 2013 and March 2017 to help reduce fuel poverty. ECO is funded by a contribution from all residential energy bills. It is estimated to account for around £50 per year to each household bill.

As part of measures announced through the Autumn Statement, the amount of funding available was reduced and the scheme has been scaled back with funding offers being reduced or in some cases withdrawn.

Through direct negotiation with Cosyseal Limited, an offer was secured in October 2013, to carry out works at nil cost to a further 400 non-traditional properties, the estates for which were reported.

The following works will be carried out subject to survey: -

- External Wall Insulation
- Rainwater good replacement (where required)
- Upgrade of single glazed windows (where required)
- Boiler replacement (where required) – funded from the 2014/15 capital programme

It was anticipated that there would be a reduction in opportunities to access funding going forward and in November 2013 a contract was awarded to Cosyseal Limited under the delegated authority of the Managing Director and Chair of the Board to secure this funding offer to deliver these works.

Additionally, through this partnership, significant progress has been made in respect of Cavity wall and loft insulation (over 3,000 measures have been installed in the period October 2013 to January 2014) at nil cost to the capital programme.

Customers that have previously purchased properties through the right to buy scheme on these estates will also be offered external wall insulation works at nil cost.

All of the properties in the programme will receive external wall insulation, which is estimated to save a resident 40% on their annual fuel bills. The external insulation works also improves the appearance of the property and can extend the lifespan by protecting the building and preventing weathering.

Where necessary, windows and heating systems will need to be upgraded at the same time as the external insulation. Windows will be part of the funded works, however individual heating systems in social housing properties do not attract funding and will be funded through the Maintaining Decency Programme, where they are in need of replacement. These systems have been identified in the 2014/15 capital programme and are in need of replacement. By aligning the works it is expected that disruption for customers will be minimised.

Surveys are ongoing but it is estimated that of the properties to be included in the scheme, 145 properties will receive new windows and 85 properties will receive boiler replacements.

The works will be delivered directly by Cosyseal Limited to the Company's specification and it is anticipated that the works will commence in March 2014 and will be completed by June 2015.

To ensure adequate resources are in place for TGHC to deliver the contract internally, a management fee of 5% is levied against the value of the contract.

This is payable by Cosyseal Limited following completion of each property against the value of the works.

In addition to this, a management fee of 1% of the contract value is payable to TGHC for its endorsement of right to buy properties.

As the EWI and Window works will have nil cost to the capital budget and will see improvements to over 400 Council properties and result in investment of approximately £3,000,000.

RESOLVED – That the information be noted and the committee receive further updates on progress once the scheme is mobilised.

30 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.

31 DATE AND TIME OF MEETINGS 2014/15

RESOLVED – That the following schedule of meetings of the committee during 2014/15 be approved: -

- Thursday 19 June 2014 at 2pm
- Thursday 16 October 2014 at 2pm
- Thursday 12 February 2015 at 2pm