



## ASSETS, DEVELOPMENT AND INVESTMENT COMMITTEE

19 June 2014

### PRESENT:

#### Directors

Paul Foy (Chair)  
Mick Davison  
Pauline Dillon  
Eileen Gill  
Helen Hall  
Peter Mole  
Gordon Spring

#### Advisers

Phil Gallagher	Head of Investment and Development
Kevin Johnson	Head of Customer Services
Andrew Mason	Home Repairs Manager
Mark Charlton	Voids Manager
Russell Urwin	Repairs Partnership Manager
Stuart Gibson	Governance and Risk Officer

#### Also Present

Ian Price	Mears
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### 1 MINUTES

The minutes of the meeting of the committee held on 26 February 2014b were approved as a correct record.

### 2 MATTERS ARISING – ASSET STRATEGY

A draft Asset Strategy has been produced. Following consideration by the Council it will be presented for approval to the next meeting of the Committee or the Board Meeting on 14 July 2014 if it has been finalised earlier.

### 3 REPAIRS AND MAINTENANCE CONTRACT – END OF YEAR 2013/14

The committee received an update on the operation of the repairs and maintenance contract up to the end of its second year of operation.

74,850 responsive repairs were raised during the year, with 9,659 orders subsequently cancelled for a variety of reasons. In the previous year, 62,487 orders had been raised, with 7,652 cancelled.

1,858 vacant properties were passed to Mears for relet works during 2013/14, compared to 1,535 in 2012/13. The impact of housing benefit reductions for under-occupancy has been linked to the increase in tenancy terminations since April 2013.

18,819 gas services were completed by year end, with 26 properties overdue by the end of March 2014. During the year it was necessary to gain permission for the company's Gas Service Manager to serve warrants on tenants who would not allow access.

The electrical testing programme and the painting programme were both successfully completed by year end. All 1,281 required electrical tests were completed. Completed painting work included 2,120 property externals, 302 garage externals and communal areas in a number of blocks.

Satisfaction with the standard of repairs continued to achieve target with overall performance increasing to 97.80% by year-end. Complaints relating to repairs have reduced, but any trends in complaints identified are discussed with the contractor to ensure progressive learning by the Partnership.

Some changes to repair reporting were implemented during the year, in order to help reduce queuing times for customers on the repair reporting line. Opening hours were consolidated and a two-tier system introduced with options for first reports and queries/chase-ups. Telephone calls for emergency repairs outside of normal opening hours are now received directly by Mears 24/7 team, rather than by the Council's Carecall team. The transition has been smooth and a report on the impact of the changes will be brought to the next round of committees.

Performance on key performance indicators for the repair service has seen continual improvements during the fourth quarter. Appointments made, jobs completed in timescale and customer satisfaction were all on target throughout the quarter. Appointments kept against the 2-hour time slot finished the year with an "amber light" as performance had improved. A summary of performance indicators was submitted.

The regular contract review document has been jointly produced by service managers from Mears and from the company and details of this were submitted.

The repairs budget was set with all Mears budgets reduced by a 3% efficiency saving as agreed in the repairs tender.

The overall position for repairs at the end of the fourth quarter is an overspend of £432,000. The actual spend on repairs this year has been £21.4million compared to the budgeted spend of £19.1million.

The Council have provided additional capital funding of £734,000 and additional revenue funding of £880,000, hence the year end position being an over spend of £432,000 on repairs. The two areas of the budget that have produced this additional cost are Responsive Repairs and Voids.

The £432,000 overspend has been offset in the year end accounts by the £337,000 underspend on the management and supervision fee and a £95,000 contribution from TGHC reserves.

Concern was expressed about the £1.8m overspend and the committee questioned how much longer the Council would be able to meet this if the repairs budget continued to be overspent given the current financial climate.

The committee felt that customers who persistently cancelled repairs appointments should be charged. Conversely, the committee also felt that the customer should be contacted when Mears are unable to make an appointment.

The committee expressed its satisfaction with the number of apprentices employed by Mears since the start of the contract and felt that this should be publicised.

- RESOLVED –
- (i) That the information be noted.
  - (ii) That the committee receive a breakdown of the reasons for cancelled appointments.
  - (iii) That the number of apprentices employed by Mears since the start of the contract be publicised.

#### **4 CYCLICAL MAINTENANCE AND COMPLIANCE – 2013/14**

The committee received an update on cyclical maintenance activities and compliance monitoring up to the end of the fourth quarter of 2013/14.

One of the aims of a focus on cyclical maintenance was to review activity in order to reduce response times and to lower call-out charges, as well as identifying high expenditure trends for inclusion in planned maintenance programmes. The reviews have also identified some areas where additional maintenance activity would be required and specific issues reviewed during the year were reported.

It is proposed to bring regular updates on compliance monitoring to this committee and a summary of the position for 2013/14 was reported.

The service continually feeds into the company's Asset Management Strategy via a referral process to inform the Capital programme and details of items referred were reported.

It has previously been reported to this committee and to Board that performance on gas servicing is an area for improvement. It has been an increasing trend for some tenants to not readily allow access for an annual gas service, despite repeated attempts and publicity around the potential risks.

After three unsuccessful attempts to gain access by appointment (confirmed by letter) a property will be deemed "no access" and passed to a dedicated "no access team" within Mears. Two further visits per week will be attempted over a two-week period before a decision is taken to apply for a warrant to gain access.

Prior to July 2013, Environmental Health Officers served these warrants using delegated powers to gain access for inspection on the grounds of a potential category 1 hazard within the property. On average, around 50 warrants were

required in a year. The cost of serving each warrant would have been £400 and was borne by the company.

In November 2013, the Gas Service Manager was granted the authority to take enforcement action on behalf of the local authority. Whilst this does involve some workload it also presents a saving as the warrant can now be served at an estimated cost of £50 (a further cost review with legal services is pending).

There was a period during the year when the Company was unable to serve warrants, which contributed to an increase in no-access properties, but work has been carried out to “catch up” and Mears have looked at ways of giving further notifications and reminders of gas service appointments in a bid to reduce no-access.

A priority for 2014 will be assisting in the implementation of the new BARIS computer interface for works order management with LES. The development of an enhanced schedule of rates is anticipated to generate further benefits in the performance management and streamlining of data exchange across the partnership. Development work is anticipated to commence July 2014.

The service is currently evaluating areas for inclusion in future cyclical maintenance activities, details of which were reported.

- RESOLVED –
- (i) That progress on the management of the cyclical maintenance contract with Local Environmental Services and other contractors be noted.
  - (ii) That the committee receive a regular cyclical maintenance and compliance update at future meetings.
  - (iii) That future reports provide a breakdown by time of unplanned instances of lifts being unavailable.

## **5 CAPITAL PROGRAMME**

The committee received an update on the delivery of the capital programme for the year ended 2013/14 and an update on the proposed programme for 2014/15.

Nine lifts were identified as needing to be replaced in 2013/14. By the end of the year, work had been completed on seven lifts.

Fire safety works to Sheltered Housing schemes have almost completed with some residual signage and completion of the electrical upgrades.

All fire safety works to multi-storey flats were concluded during 2012/13 and Final Completion Certification is still being progressed with any residual defects being corrected. The sprinkler installation at Regent Court was completed in October and access was granted to the one flat that had been outstanding during April. The system has been commissioned and is fully operational with customer satisfaction on the scheme being 98.2%.

12 Equality Act Works schemes were programmed to receive works this year and all were completed at the year end.

In respect of Equality Act works to multi-story flats, physical works did not take place during 2013/14 with the majority of spend being on audits and design fees on nine blocks with a further four pending. Estimates for works have been returned on six blocks and these will be delivered as a rolling programme of works commencing in 2014/15.

The Maintaining Decency programme for 2013/14 comprised initially of works to 1,157 properties. Work commenced in April with much of the first quarter focused on development and surveying to achieve commencement on site in June.

Reserve schemes were introduced in the final quarter comprising of approximately 450 additional properties across four estates. This was to compensate for properties that had either dropped out of the original programme or where following surveys the works were not deemed necessary. At the year-end, 1,753 properties had received measures.

In addition, 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.

Following the procurement of a window firm in late 2013, delivery commenced in February and continued into the current year. The additional budget provision that has been agreed will see continuous delivery throughout 2014/15 with an estimated 700 properties benefiting from replacement windows.

At the year-end, communal electric upgrades at two blocks had been completed at Barnes Close. Adelaide Court finished in May 2014. The fourth and final block, Sydney Court commencing on 10 February 2014 and is carrying forward into the current year. St Cuthbert's Court is the next block that is due to receive electrical works and will be delivered following the completion of Sydney Court. In addition, work was carried out at Regent Court to improve communal lighting and fire alarm installation.

A programme of External Wall Insulation works to non-traditional house types, mainly in Leam Lane Estate, mobilised in December 2013 and is currently in progress. Following announcements in the Autumn statement, the original funding rates for this work have been reduced but work is ongoing to consider alternate funding options to conclude works in this initial phase and potentially expand the works to other non-traditional properties across the Borough.

At the year-end, £2.75 million was carried forward into the current year's budget to support delivery of planned works that had commenced in 2013/14. The total projected budget for Capital Investment works being managed by TGHC within 2014/15 is currently £16.235 million.

RESOLVED – That the year end update for the 2013/14 programme and the proposed programme for 2014/15 be noted.

## 6 ENERGY EFFICIENCY MEASURES – FUNDED WORKS

The committee received an update on current activity in relation to energy company obligation (ECO) funded works and was advised of changes in the current funding provision and options that are currently being explored to secure funding to continue with investment priorities linked to energy efficiency.

Following announcements in the Autumn statement, notification was received in late March that the current level of funding would not continue and the reduction in funding was to affect all properties where work had not yet commenced.

To date, works to 217 properties have either completed or have commenced. Of the properties included in this initial phase of works, 349 properties on the programme are yet to have works carried out. The properties in Leam Lane that were due to benefit from these works are all solid wall homes that experience high fuel bills.

The first priority is to ensure adequate funding is available to conclude works to properties included in the initial phase. The delivery partner for these works is currently on site and additional costs are likely to be incurred if the scheme has to cease only to be re-commenced at a later date.

Alternate funding offers are currently being considered, including ECO funding (at a reduced rate) and the Green Deal Cash Back scheme that was recently been announced via the Department of Energy and Climate Change (DECC).

While external funding offers are being considered, a request has been made to bring forward Capital Investment funding to support the works in the current phase and to supplement further phases. Non-traditional properties are a priority in terms of capital investment and works to improve the appearance and thermal efficiency of these otherwise popular family homes, will continue to feature in future capital schemes.

The properties in the current scheme were identified due to their proximity to Home Group owned properties in order to maximise the funding potential and achieve economies of scale. There are over 3,500 other non-traditional properties across the borough that will need to be considered in future years. The request to bring forward capital resources from a future year to support the current scheme, does not represent additional capital but will support the delivery of priority works whilst taking advantage of the external funding that is currently available, albeit at a reduced rate.

In addition to the works to low rise, non-traditional properties, funding offers and proposals are also currently being explored to deliver energy efficiency measures and fabric improvements (including roof renewal and window replacement) to the Multi Story blocks at Beacon Lough.

The committee felt that this highlighted the urgency around having an Asset Strategy and needed to be kept high on the agenda.

**RESOLVED –** That the information be noted and the committee receive further updates on funding proposals and progress on delivery of the works.

## **7 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.

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

The next meeting of the committee will be held on Thursday 16 October 2014 at 2pm in Room S21 at Gateshead Civic Centre, Regent Street, Gateshead.