

HOUSING MANAGEMENT BOARD

18 September 2012
5.30 - 7.45 pm

Present:

Scrutiny Committee Members: Councillors Blackhurst (Chair), Blencowe, Brierley, Johnson, Pippas, Price and Rosenstiel

Executive Councillor for Housing: Councillor Smart

Tenant/Leaseholder Representatives: Diane Best (Vice Chair), Allen Champion, Kay Harris, John Marais, Diana Minns and Terry Sweeney

Officers:

Director of Customer & Community Services: Liz Bisset

Head of City Homes: Robert Hollingsworth

Head of Estates & Facilities: Bob Hadfield

Asset Manager: Will Barfield

Business Manager & Principal Accountant: Julia Hovells

Repairs & Maintenance Improvement Manager: Hilary Newby

Principal Surveyor: John Horwood

Committee Manager: James Goddard

FOR THE INFORMATION OF THE COUNCIL

12/30/HMB Apologies

Apologies were received from Councillors Bird and Pogonowski.

Councillor Blencowe attended as an Alternate.

12/31/HMB Declarations of Interest

Name	Item	Interest
Mrs Harris	12/39/HMB	Personal: member of the Gas Monitoring and a Tenant Member of the ROAM group.
Mrs Harris	12/40/HMB	Personal: member of the Gas Monitoring and a Tenant Member of the

		ROAM group.
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12/32/HMB Minutes

The minutes of the meeting held on 19 June 2012 were approved and signed as a correct record.

12/33/HMB Public Questions

There were no public questions.

12/34/HMB Re-Ordering Agenda

Under paragraph 4.2.1 of the Council Procedure Rules, the Chair used his discretion to alter the order of the agenda items. However, for ease of the reader, these minutes will follow the order of the agenda.

12/35/HMB Discussion Regarding Timing of HMB Committee

Members discussed changing the committee start time from 5:30 pm, but decided not to alter it at present. This could be reviewed in future at the request of Members if they found the 5:30 pm start time was no longer convenient.

12/36/HMB Write-Off of former Tenant Arrears

Matter for Decision

The Officer's report set out details of two cases of current tenant arrears and eight cases of former tenant arrears; together with a summary of the action taken to try to recover these debts.

Decision of Executive Councillor for Housing

- (i) Approved the two cases of current tenant arrears totaling £4,221.00 set out in the Officer's report appendix be written off due to the expiration of Debt Relief Orders.

- (ii) Approved that the eight cases of former tenant arrears totaling £19,178.19 set out in the Officer's report appendix be written off due to recovery activity being exhausted.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

Committee did not request this item for pre-scrutiny.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

12/37/HMB Housing Revenue Account (HRA) Mid-Year Business Plan Update**Matter for Decision**

The Officer's report presented the Housing Revenue Account (HRA) budget strategy for the 2013/14 budget cycle and specific implications, as outlined in the HRA Mid-Year Business Plan Update document, which is to be agreed in future.

The recommended budget strategy is based on detailed financial modelling and projections of the HRA's expenditure and resources, in the light of local policies and priorities and national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the HRA Mid-Year Business Plan Update.

Decision of Executive Councillor for Housing

The Executive Councillor recommended to Council:

Revenue – HRA

- (i) To agree the HRA budget strategy, process and timetable for the 2013/14 budget cycle as outlined in Section 9 of the Officer's report and Business Manager & Principal Accountant's addendum.
- (ii) To agree the revised HRA revenue, funding and reserves projections as shown in Appendix E, and the associated decisions in section 9 [of

the Officer's report and addendum], of the HRA Mid-Year Business Plan Update document.

- (iii) To approve the mid-year unavoidable expenditure items and savings, as detailed in Section 9 of the Officer's report and addendum.
- (iv) To authorise the Director of Customer & Community Services, in consultation with the Director of Resources, to calculate and communicate final cash limits or savings targets based on the decisions taken in the report, as outlined in Section 9 of the Officer's report and addendum.

Treasury Management

- (v) To approve the approach to determining the most appropriate borrowing route in respect of any additional HRA borrowing requirement, as outlined in Section 8 of the HRA Mid-Year Business Plan Update, delegating responsibility to the Director of Resources for the final decision, in consultation with the Executive Councillor, Chair, Vice Chair and Opposition Spokesperson for HMB.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Business Manager & Principal Accountant regarding the Housing Revenue Account (HRA) Mid-Year Business Plan Update.

The Business Manager & Principal Accountant updated her report with an addendum tabled at Committee amending HRA Mid-Year Business Plan section 9 details on pages 86, 88 and 91 (pages 116, 118 and 121 of the agenda).

The Committee made the following comments in response to the report:

- (i) Expressed concerns regarding the impact of changes to benefit payments that may affect tenants when universal credit is introduced.
- (ii) Raising rents above inflation could lead to more benefit claimants.

In response to Members' questions the Director of Customer & Community Services, Head of City Homes plus Business Manager & Principal Accountant confirmed the following:

- (i) A report would be brought back to Housing Management Board (HMB) 8 January 2013 setting out support the City Council would give to tenants in light of changes to the benefits system. The Council Business Plan relied on predicted income from rent. Officers monitored levels of arrears. Housing Management plus Revenues & Benefits staff were working together to identify those whose income may be capped due to the changes to the benefits system; so the Council could offer support to prevent arrears occurring. The intention was to take preventative action before the benefits changes came into effect to mitigate issues in advance as much as possible. The Council were funding Citizen's Advice Bureau to provide debt advice. Support was also provided through the Council Customer Access Centre.
- (ii) The Council has done little modelling of the impact that a lower rent increase may have on rent arrears, as historically arrears have been very low and the potential impact of the welfare benefit reforms is not yet quantifiable.
- (iii) Tenants may wish to downsize properties due to the introduction of universal credit. Alternatively, they could pay higher rent charges. This would be an individual choice if they found the rent of larger properties exceeded capped benefits. The Council had recently identified tenants who maybe affected and would liaise with them about their future intentions well before the changes come into force.
- (iv) The Council had two methods of acquiring new housing stock. It could purchase new build properties or exercise its option of first refusal to buy back former 'right to buy' properties (the latter has only been possible in recent years due to the way that the legislation was implemented). The HRA budget had an allocation of £300,000 that could be used to buy back former 'right to buy' properties. Officers used criteria to ascertain whether new build or buy back properties offered better value for money. Market rates were paid for both options.
- (v) The Council's level of borrowing was in-line with figures set out in the Business Plan approved in February 2012. However, interest rates paid to the Public Works Loans Board were higher than expected. Government consultation on expected levels of borrowing may lead to a preferential rate reduction for future borrowing, with a reduction of 0.2%.

- (vi) The HRA self-financing model leads to a 1.6% saving target for management expenditure. Officers pass cost savings onto tenants, where costs are fully recharged. The HRA budget (including bids and savings targets) would be presented to HMB and Community Services Committees for consideration in early 2013, prior to a decision by the Executive Councillor.
- (vii) Appendix D of the Officer's report set out sensitivities to the financial modelling for illustrative purposes. Any additional budgets required would form part of formal bids as part of the budget process. These would be confirmed in the budget to be presented in early 2013.
- (viii) The Business Plan sets out information regarding projected levels of new build property rates. Details from the February 2012 edition would be updated in early 2013.
- (ix) The Director of Customer & Community Services undertook to ask the Head of Strategic Housing to liaise with Councillor Blencowe regarding net new affordable housing gain figures.

The Committee resolved by 9 votes to 0 to endorse the recommendations as amended to include the Business Manager & Principal Accountant's addendum.

The Executive Councillor approved the recommendations as amended.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

Not applicable.

12/38/HMB Maintenance Procurement Strategy 2012-2017

Matter for Decision

The Officer's report outlined a procurement strategy for the maintenance and improvement of the Council's housing stock and other Council-owned built assets, for the next five years.

A number of procurement options are available for the Council.

The Maintenance Procurement Strategy is intended to complement the corporate procurement strategy, the Council's Medium Term Objectives, the Council's sustainability aspirations, the Housing Business Plan and Asset Management Strategy.

The Maintenance Procurement Strategy sets out how the Department will drive the procurement agenda forward and develop further long-term partnering arrangements to achieve value for money in the delivery of property maintenance and investment programmes.

Decision of Executive Councillor for Housing

- (i) Approved the appointment of Eastern Shires Purchasing Organization (ESPO) to carry out a procurement exercise with officers of the City Council to select two main contractors to carry out planned maintenance works for the City Council with effect from April 2014 to March 2019, with an option to extend for a period of up to three years.
- (ii) Authorised the Director of Customer and Community Services to invite and evaluate tenders and, following consultation with Executive Councillor, the Director of Resources, Chair and Spokes of the Committee to award two contracts for the appointment of main contractors to carry out planned maintenance works in accordance with the requirements of the Constitution with effect from April 2014 to March 2019, with an option to extend for one or more periods up to a maximum extension of three years.
- (iii) Approved the use of the Scape National Minor Works framework contract to call off contracts with Kier Services for a period of up to three years from October 2012 for the purpose of carrying out parts of the Council's planned maintenance works programme.
- (iv) Approved a procurement budget of £60,000 for legal and other costs associated with the procurement and implementation the new planned works contracts and other contracts referred to in this report.
- (v) Authorised the Director of Customer and Community Services to invite and evaluate tenders (or call off services from an existing framework agreement if appropriate) and, following consultation with the Executive Councillor, Director of Resources, Chair and Spokes of the Committee to award contracts for the appointment of contractors to carry out certain types of responsive maintenance work listed in this report for a period of up to three years to supplement the Council's direct provision of repairs and voids, in accordance with the requirements of the Constitution.
- (vi) Approved the use of the ESPO framework contract "2930 - "Installation of Gas Fired Domestic Central Heating Systems" to call off a contract for a period of up to three years to carry out heating installations and in void properties and carry out emergency boiler replacements.
- (vii) Authorised the Director of Customer and Community Services to invite and evaluate tenders (or call off services from an existing framework

agreement if appropriate) and, following consultation with the Director of Resources to award a contract for the appointment of a supplier to provide a web-based NEC3 contract management application.

- (viii) Approved the recruitment of 3.5 full time equivalent additional contract management surveyors and 2 full time equivalent asset officers within the Estates and Facilities Asset Management team in order to manage the delivery of additional capital investment.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Asset Manager regarding the Maintenance Procurement Strategy 2012-2017.

In response to Members' questions the Head of Estates & Facilities plus Asset Manager confirmed the following:

- (i) The City Council is currently undertaking gas heating installations using a framework contract jointly established with South Cambridgeshire District Council as the Council's contractor (Chaps Ltd) was in administration.
- (ii) The council is not planning to procure a specialist asbestos removal contractor as the work could be undertaken by contractors (Apollo Property Services or Kier services) or one of their sub-contractors.
- (iii) The Council's own in-house team was unlikely to have the skill set capacity to cover all of the Council's needs, so contractors maybe requested to service these on occasion.
- (iv) The Council undertakes contractual work with small, medium and large size builders. The Finance Department undertake risk assessments to ascertain if contractors will be in a position to complete work before contracts are awarded.
- (v) Contracts awarded to service providers included questions regarding training and apprenticeship opportunities offered by these companies. The Council's expectation was that contractors who took on more work should offer more training and apprenticeship opportunities.
- (vi) Contractual work was allocated through task orders. Contractors were not guaranteed work through their contracts. Therefore the Council could allocate work to contractors through task orders without

contractual penalties. This enabled Cambridge City Council to operate a joined up maintenance contract with South Cambridgeshire District Council from 2014, although the City Council's existing contract with Apollo and Kier did not expire until 2016.

- (vii) Individual Task orders were funded either the general fund or the HRA and it would be possible to maintain a split.

The Asset Manager requested a change to the recommendations. The Asset Manager formally proposed to delete (struck out text listed below) from recommendation 2.8 in the Officer's report:

- To approve ~~(subject to successful bids for resources to be made in the 2013/14 bid process)~~ the recruitment of 3.5 full time equivalent additional contract management surveyors and 2 full time equivalent asset officers within the Estates and Facilities Asset Management team in order to manage the delivery of additional capital investment.

The Committee approved this amendment unanimously.

The Committee resolved 6 votes to 0 to endorse the recommendations as amended.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

Not applicable.

12/39/HMB Housing Planned Maintenance Contract - Progress Report

Matter for Decision

The Officer's report provided details of works delivered and performance achieved in the first year of the housing planned maintenance contract that started in July 2011.

Decision of Executive Councillor for Housing

This report was for information only.

Reason for the Decision

Not applicable.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Principal Surveyor regarding the Housing Planned Maintenance Contract Progress Report.

The Principal Surveyor updated his report to amend a typographical error. Text in the table in paragraph 5 should state "134 Kitchens Bathrooms installed".

In response to the report the Committee expressed concern that tenant satisfaction figures did not reflect comments made to Tenant and Leaseholder Representatives. It was suggested that comments would be more objective if the Resident Liaison Officer (RLO) was seen as independent, instead of affiliated to a contractor.

In response to Members' questions the Head of Estates & Facilities, Asset Manager plus Principal Surveyor confirmed the following:

- (i) Customer satisfaction data was collected by a RLO. A surveyor would check work tasks were completed then the contractor's RLO would invite feedback from tenants. Feedback forms were completed by tenants.
- (ii) If tenants had concerns regarding contractor's work, these could be raised with Council Officers.
- (iii) Officers looked at overall trend information in feedback forms. There was no specific cut off point between satisfied and unsatisfied scores. Tenants were asked to mark their views on a scale of one to ten, one being unsatisfied and ten being satisfied.
- (iv) The Director of Customer & Community Services said Officers would undertake to review the methodology of tenant satisfaction data collection and report back to HMB. This would include initial satisfaction surveys, and any follow up feedback in case issues arose some time after work had been completed.
- (v) Apollo's contractual costs exceed predicted costs by 10%. The Council would claw back the majority of this.
- (vi) No void properties were subject to sulphate issues in the reporting year covered by the Principal Surveyor's progress report. The Council preferred to undertake remedial work for sulphate issues on void properties, but would undertake work on occupied properties too if required. Sulphate issues were scrutinised as part of the assessment criteria when the Council acquired new properties.

- (vii) Apollo had not met all of its contractual obligations regarding waste management and adding social value (work placements), as work had started late (mainly undertaken in the second half of this reporting year). This was due to staff TUPE condition issues. The Council was monitoring the situation.
- (viii) The Council had a supply chain link to contractors to select best value products to address its maintenance needs. The Council could not specify individual branded products to use, but specify standards/requirements it expected products to satisfy. Officers have extensive contract specification writing expertise. The Council has a seven year cyclical programme to cover all maintenance issues, instead of subdividing these into fencing, boilers etc.
- (ix) It was part of the Council's role to monitor contractor's health and safety practices. Officers would raise any issues they witness (eg through unannounced visits) with contractors.
- (x) The Principal Surveyor undertook to liaise with Councillor Blencowe post HMB regarding construction skills certification scheme card requirements.
- (xi) Tenant handbooks could be updated to list property specifications in future.

The Committee noted the report, but were not required to endorse any recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

Not applicable.

12/40/HMB Repairs and Maintenance Improvement Plan - Authority to Procure and Progress to Date

Matter for Decision

The Officer's report was requested at a meeting of Housing Management Board on 3 January 2012 in order to inform Councillors of the progress made to date on the Housing Repairs Improvement Plan.

There is a budget allocation of £200,000 within the Housing Capital Investment Plan for the procurement of new IT solutions that are required in order to achieve the overall improvements to the repairs service. Officers requested permission to spend this allocation.

Decision of Executive Councillor for Housing

Noted both progress made to date with the Repairs Improvement Plan and the proposals for decision at Community Services Scrutiny Committee.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Repairs & Maintenance Improvement Manager regarding the Repairs and Maintenance Improvement Plan.

In response to Members' questions the Repairs & Maintenance Improvement Manager confirmed the following:

- (i) The last meeting of the ROAM Group raised the question of how tenants could become more involved in customer satisfaction issues. A response is expected at the next Residents and Officers Asset Management (ROAM) Group meeting.
- (ii) The Repairs & Maintenance Improvement Manager undertook in conjunction with the newly appointed Resident Involvement Officer to attempt to increase the number of residents representatives in order to help with succession planning.
- (iii) The Director of Customer & Community Services undertook to provide Tenant and Leaseholder Representatives with an up to date Council Officer structure chart with contact details.
- (iv) A report would be brought back to HMB on how the Council is meeting its performance indicators and any action being taken to address issues where performance is not meeting targets.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

Not applicable.

The meeting ended at 7.45 pm

CHAIR