

Report to the Cabinet

Report reference: C-044-2022/23

Date of meeting: 13 March 2023

Portfolio: Housing and Community- (Cllr H Whitbread)

Subject: Housing and Property – Asset Works

Responsible Officer: Pam Warfe (01992 564).

Democratic Services: Adrian Hendry (01992 564246).



**Epping Forest
District Council**

Recommendations/Decisions Required:

- (1) To approve the commissioning of a third party to write our housing asset management strategy in line with our 30-year HRA finance business plan, to include a rolling five-year investment plan**
- (2) To approve the start of consultation with leaseholders and residents of the Broadway's major works project with an estimate cost of £6million.**
- (3) To approve the co-funding of decarbonisation works to 130 properties should EFDC be successful in securing funding through the Social Housing Decarbonisation Fund (SHDF) Wave 2. Cabinet Approval is needed to direct award the works to E:On as set out in the Fusion 21 framework.**
- (4) To agree that the Interim Strategic Director is the Council's responsible person for Health and Safety in Council Housing**

Executive Summary:

(1) Housing Asset Management Strategy

EFDC have a 30-year HRA finance business plan which outlines the available annual finances to meet our obligations under the decent home standard and the social housing white paper. However, we do not have an up-to-date housing asset management strategy document that will run alongside the 30-year finance plan which will direct our spending, outline our aims and goals including our approach to achieving Net Zero across our housing stock and informing our approach to disposal and development options.

We would like approval to outsource the production of this report to a third party via competitive tender. Whilst we would have hoped to have produced this report internally, resource and time constraints mean that outsourcing would produce the document in a timely manner.

The organisation commissioned to write the strategy will, as part of the commission, need to carry out consultation with EFDC Councillors, tenants, and leaseholders to understand their investment priorities.

(2) Works to The Broadway

At January's 2022 report to stronger communities regarding the housing business plan, there were several assets highlighted within section 7 requiring capital works expenditure. One of these assets is The Broadway which in the January 2022 report was estimated as requiring £2.75m worth of planned works.

We now want to bring this project back to the attention of members for two reasons. Significant additional works identified by our independent surveyor suggests that many components to the buildings external envelope are now life expired and require urgent maintenance/replacement. The required budget for these is estimated to be £6m and is available within years 24/25 & 25/26 of the business plan. Firm costs for the proposed scheme will be provided following a competitive tender process under the SEC framework for External Works in the 3rd quarter of 2023.

Following high level budget approval, we would also like approval to begin immediate consultation with our residents at The Broadway. This is to allow ample time to consult with our commercial and residential tenants, noting a large percentage of residents are leaseholders (40%). Those of which are leaseholders will be recharged under their respective Service Charge Agreements (commercial leaseholders), or, under the Section 20 Act of the Landlord and Tenant Act 1985 (residential leaseholders). Early engagement with all our residents will be essential to ensuring successful delivery and meeting the proposed 24/25 delivery timeline. Funding for consultation expenditure is covered within financial year 23/24.

(3) Social Housing Decarbonisation Fund

The asset strategy team have applied for funds through the Social Housing Decarbonisation Funds Wave 2 (SHDF) to improve the thermal efficiency of 130 properties, all served solely by electricity and whose Energy Efficiency Rating is currently below the target 'C' rating between D-F. These form some of EFDC's worst performing properties and the proposal sets out to improve this through a combination of 'fabric first' measures aimed at increasing all properties to EPC band C.

Notification of a successful bid, which has been formulated in conjunction with E:On energy via direct award on a Fusion21 framework, is anticipated around February to March 2023 and requires EFDC 100% match awarded funds. That is, that the total project value will be split 50/50 between EFDC and the SHDF. The total project value is circa £3.4m with EFDC required to commit £1.7m funds, which have also been budgeted for within the HRA finance business plan. The direct award call off report is in appendix 1 of this document.

(4) Nominated Person Responsible for Health and Safety Compliance

The Council will designate the Interim Strategic Director as the Council's nominated person responsible for compliance with landlord health and safety duties on behalf of the council.

Reasons for Proposed Decisions:

- (1)** The housing asset management strategy will provide reassurance to the Council that our approach to investment in housing assets maintenance is driving the portfolio in a direction which meets our legal obligations but will also ensure that we are able to meet our Net Zero ambitions, helping drive down energy costs to residents.
- (2)** Extensive capital works at the Broadway are essential to protect the asset and reduce future responsive repair expenditure.
- (3)** The investment driven by the Social Housing Decarbonisation Fund will
 - a. Reduce tenant energy bills as properties can retain more heat and become more thermally efficient. Linked to this is the likelihood that residents are less likely to fall into arrears on their rent as they spend less on energy bills.
 - b. It is anticipated all Landlords will have to meet a minimum energy efficiency standard of the EPC band C for new private rented tenancies in the next five years.
 - c. Added value to the assets. Typically, properties EPC rated B and C sell for 5% more than those rated D. Under the deliverables of government backed fund this project must ensure all included properties are improved to a minimum rating of C.
 - d. Further protection to Assets. By following a fabric first approach and insulating the external envelope of the properties they are less likely to suffer from condensation, damp, and mould.
 - e. This will enable tenants to live in homes that are much less likely to have damp and mould.

- f. By following a fabric first approach it becomes possible to undertake further thermal efficiency upgrades in the future (e.g. green heating systems) with the knowledge that EFDC stock can retain the heat efficiently. This will assist EFDC on its Green plan and the governments wider journey to net zero by 2050.
- g. Access to awarded funds via the SHDF will reduce strain on the HRA finances to begin working towards Net Zero.

(4) Nomination of Senior Leader to be the Council's person responsible for Health and Safety in council housing

The regulations laid by Government on 29th March 2022¹ require that the council will nominate a senior officer to be the person responsible for compliance with health and safety. That person must be "sufficiently senior to drive a culture of safety throughout the landlord organisation" and will be the public face of compliance for the council and, of course, tenants. By designating the post of Strategic Director to this role the council is ensuring that at the most senior level within the authority there is a post that will bring any compliance concerns to the attention of the Authority.

Other Options for Action:

- (1) Writing this document could be kept in house. Whilst this would save some costs, the production of the report would be delayed due to increased workloads because of the changes to housing and compliance regulations.
- (2) Many of the items listed for replacement are beyond basic repair. The commercial tenants are and will continue to be impacted by leaks from the above. Delaying other programmed works to reduce cost, such as the window replacement, would not be a cost-effective solution as we can now make use of the scaffolding being in place for the other elements.
- (3) By not progressing with the with grant works will put added strain on the HRA finance plan in the coming financial year, which will mean less properties undergo any works. The works will also help inform our approach to future decarbonisation works
- (4) As part of the changes and recommendations in regulations, there needs to be single nominated person for health & Safety

Report:

1. Housing Asset Management Strategy

The production and implementation of a housing asset management strategy will mark a key transitional phase in the council's housing improvement journey. The strategy is essential to ensure, that in a time of significant regulatory change within the housing sector, EFDC can programme all essential works working inside the financial parameters of the HRA 30-year business plan.

The strategy will be written as a 30-year plan to run concurrently with the HRA finance business plan but will also have a more focussed rolling five-year investment plan which will be formally reviewed around year two to assess progress and adjustments should they be needed.

Councillors, tenants and leaseholders will all be consulted about investment priorities as part of the plan.

Key criteria within the specification to produce the strategy, which we would expect to be finalised by August 2023, will include changes to government legislation, austerity, and cost reduction, retrofit in line with PAS2035, decarbonisation, Decent homes 2 and statutory compliance activities. The report will also define our approach to stock appraisal to identify those assets that should be considered for disposal or investment and will also provide insights into the development team as to the type of properties that we should consider purchasing or building to meet the needs of the district's social housing demographic.

¹ The regulations are now part of the Social Housing (Regulation) Bill which is at Report Stage in the House of Commons 1.2.23

The housing assets team will be responsible for ensuring the strategy is implemented, developing strict regulation over any deviation from the strategy, which would require a full business case including costings. This would include any recruiting for staff or changes to capital expenditure. Development of the specification for tender is underway and although we have not tested the market, we estimate the cost of such a report to cost in the region of £20k.

2. The Broadway Project

January 2022's cabinet report which stated estimated capital expenditure for works at the Broadway to be in the region of £2.75m, which consisted predominately of roof repairs, window replacements throughout the blocks and other external repairs and decorations, forming part of our cyclical capital programme.

In April 2022, Baily Garner (BG) were appointed, via the Southeast Consortiums Framework Agreement, to carry out a survey of the Broadway and develop a pre-tender estimate of costs in line with a scope provided to them. As a result of the survey BG highlighted several areas of the asset where simple repairs, as previously planned, would no longer be an option, generally do to elements reaching the end of their serviceable life or reaching their end of life sooner than would be expected due to higher-than-normal wear and tear. These changes contributed to the returned cost estimate rising to £5.7m, which includes all associated contractor prelims.

Two key components of the project where significant cost increases were identified were with the roof, where repairs are no longer an option. An excerpt from the roof survey commissioned by BG reads,

"The condition of the existing waterproofing is extremely poor and is worthy of concern. There is extensive evidence of water ingress, due to advanced deterioration. As such, the existing system is beyond salvage and should be removed and replaced, using this opportunity to thermally upgrade the replacement system to comply with current Building Regulations.

This water proofing system is showing all the typical defects consistent with a covering of this age including surface oxidisation, cracks, splits, blisters, rucks and signs of repair.

In accordance with BS6229:2018, Building regulations and Energy Conservation Standards for England and Wales roofs should be "designed and constructed so that thermal transmittance does not exceed 0.35W/m²K at any point." The thermal performance of the existing roof build-up is poor and falls below the above standards."

The new roof will be guaranteed for a "minimum of 20-years" life span and will see a marked improvement in the thermal efficiency of the properties.

The second significant cost increase is in relation to the walkways and balconies. Like the roof works, the finishes on the walkways and balconies which extend above the commercial properties were originally planned for repair and general maintenance in line with the expected life of the current finish. However, upon inspection these too are beyond repair and require full replacement. In this instance, consideration has also been given to how the space is used by the residents and allowance has been made for a hardwearing finish to overlay the roof covering. The cost associated with these works increased from an initial anticipated repairs cost of £75k to £1m.

An overview of the BG's pre-tender estimated costs can be found in Appendix 1 at the end of this document. Included in the estimated costs is a 15% client contingency. Whilst this may be higher than typical contingency budgets normally included within projects such as these, we feel that 15% should safeguard EFDC from any inflationary costs, associated with either labour or materials, which would increase costs beyond our budget.

3. Social Housing Decarbonisation Fund

The Social Housing Decarbonisation Fund (SHDF) will upgrade a significant amount of our social housing stock currently below Energy Performance Certificate (EPC) C up to that standard. It will support the installation of energy performance measures in social homes in England, and help:

- deliver warm, energy efficient homes
- reduce carbon emissions
- tackle fuel poverty
- support green jobs
- develop the retrofit sector
- improve the comfort, health and well-being of social housing tenant

The bid submitted by E:On on behalf of EFDC included 130 properties with either an EPC rating of E or F. These are some of the lowest EPC ratings we have in our stock. For context, an EPC rating of G is the lowest achievable rating, with A being the highest.

Approx 91% of the properties in the bid are expected to raise from their current E or F rating to a band C. The remaining properties will increase to a band D. The improvements in energy performance are expected to see the average annual fuel bill to reduce by £269.92 based on fuel prices at the time of bid submission in November 2022.

The work will be carried in out over 2 years in line with the programme outlined by the Department for Business, Energy & Industrial Strategy.

The total value of our bid is £3.2m with EFDC being liable for 50% of these costs. The costing not only include the energy efficacy works which range from external wall cladding and air source heating but also include for all management fees associated with the project.

Resource Implications:

1. The only resource requirement will be an allowance of officer time in developing the specification and overseeing the tender process and will be led by the Head of Asset Strategy
2. EFDC currently employ an experienced construction project manager who will over see the tendering of the works and liaising with all key stakeholders.
3. This project would be headed up by EFDCs construction project manager who, in conjunction with E:On will manage the project through to completion.

Legal and Governance Implications: N/A

Safer, Cleaner and Greener Implications: N/A

Consultation Undertaken:

The finance team have been consulted on the two major projects in the paper and are aware of the intended spending profile for each.

Background Papers: N/A

Risk Management: N/A

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics, you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. **All Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA.** An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details
Your function, service area and team:
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team:
Title of policy or decision:
Officer completing the EqIA: Tel: Email:
Date of completing the assessment:

Section 2: Policy to be analysed	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project?
2.2	Describe the main aims, objectives and purpose of the policy (or decision): What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)?
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> • service users • employees • the wider community or groups of people, particularly where there are areas of known inequalities? Will the policy or decision influence how organisations operate?
2.4	Will the policy or decision involve substantial changes in resources?
2.5	Is this policy or decision associated with any of the Council’s other policies and how, if applicable, does the proposed policy support corporate outcomes?

Section 3: Evidence/data about the user population and consultation²

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified?
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary:

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age		
Disability		
Gender		
Gender reassignment		
Marriage/civil partnership		
Pregnancy/maternity		
Race		
Religion/belief		
Sexual orientation		

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input type="checkbox"/>	
		Yes <input type="checkbox"/>	If 'YES', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service:

Date:

Signature of person completing the EqIA:

Date:

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqIA you undertake to the director responsible for the service area. Retain a copy of this EqIA for your records. If this EqIA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.