

REPORT TO COMMUNITIES COMMITTEE – 28 MARCH 2019

VOID COUNCIL HOUSES

1 Recommendations

The committee is recommended to:

- 1.1 Agree to the outlined approach for retention of Internal Wall Insulation (IWI) voids.
- 1.2 Consider the Directorate Supplementary Work Plan as detailed in Appendix 1;
- 1.3 Approve the item on the Supplementary Work Plan and note that this item will be added to the Directorate Work that was approved by this Committee on 21st February 2019.
- 1.4 Consider whether to reserve approval of the Business Case for approval as the item is within the Committee's remit and the value is between £50,000 and £1,000,000.
- 1.5 Acknowledge that the Head of Housing has delegated authority and will award the final contract.

2 Background / Discussion

- 2.1 Communities Committee at their meeting on the 8th November 2018 requested a report identifying reasons for properties being held at void.

3 Discussion

- 3.1 The breakdown of Voids, as at end of January, is shown in the table below:

	Banff & Buchan	Buchan	Formartine	Garioch	Kinc & Mearns	Marr	Total
Decant	11	7	2	4	1		25
Fire & Flood	12	2		1			15
IWI	96	78	7	9	13	37	240
Low Demand	6	7	10	1			24
Major Works	2	5			4	8	19
Rationalisation	10	4	0	1	3	1	19
Standard Void	69	65	30	31	31	34	260
Grand Total	206	168	49	47	52	80	602

Each void status in the table on the previous page is discussed in the items below.

3.2 **Decant**

There are currently twenty five properties within this category, these properties have been kept void to enable major upgrade works to be undertaken through the Housing Improvement Programme (HIP). Due to the extensive nature and disruption of the works there is a need to ensure accommodation is available to tenants if required. Without this availability the upgrades would not be able to progress in a timely manner.

The majority of the properties within this category are in sheltered housing schemes. The properties in this category are due to; the installation of sprinklers to three sheltered housing schemes in Fraserburgh (11), new bathrooms in sheltered housing (9), asbestos removal in Longate (3 which is now complete and are no longer decant) and asbestos removal at Ugie Road, Peterhead (1) and for extensive structural repairs at Baluss Place, Mintlaw (1).

3.3 **Fire & Flood**

Unfortunately there are significant incidents which require restorative works to Council properties. These are predominantly financed through the Council's insurance. At the time of writing this report there were fifteen properties in this category all of which are fire damaged properties, 11 of which are scheduled for completion prior to this committee, 3 are currently on site with completion due soon after this committee and the final house is with Property Services to design and tender for the upgrade works.

3.4 **Internal Wall Insulation (IWI)**

3.4.1 Aberdeenshire Council has a statutory duty to bring Council Housing properties up to the Energy Efficiency Standard for Social Housing (EESH) by December 2020. The comprehensive Housing Stock Condition database has been used to identify the measures required to bring each house up to the required standard. Approximately 2,000 Council houses in Aberdeenshire are stone built, (typically granite construction) and require the external walls to be insulated internally.

3.4.2 On 28th June 2017, Committee approved the Housing Improvement Programme (HIP) which included upgrading the IWI properties by dedicated HIP teams to carry out the reactive void IWI upgrades to avoid disruption to the regular programme of upgrade of works. However, these teams struggled to deliver and in the meantime increasing numbers of the properties listed as requiring IWI have become void. Policy & Resources Committee agreed, 19 Jan 2017, to hold these properties at void as the work required is disruptive to tenants and upgrading when the property is empty is advantageous. The decision taken was with the best intentions of undertaking the upgrades through the HIP and a new Housing Repairs IWI (HR IWI) team.

3.4.3 Unfortunately the mobilisation for the HIP contractors has taken considerably longer than anticipated and they've been unable to undertake the quantity of IWI upgrades envisaged. This has resulted in a larger than hoped quantity of properties being held at void pending IWI upgrades. All four HIP contractors are now working through their year 1 allocation and have programmed to

complete all that they have been allocated by the end of May 2019, resulting in a significant reduction of the total void properties held for IWI.

IWI Status	Banff & Buchan	Buchan	Formartine	Garioch	Kinc & Mearns	Marr	Total
Total Void	96	78	7	9	13	37	240
HIP	43	13	3	4	5	11	79
Housing Repairs	29	10	0	0	0	0	39
Total With Contractors	72	23	3	4	5	11	118
% with Contractor	75%	29%	43%	44%	38%	30%	49%

The HIP programme is managed across four contracts, not the six Council Areas indicated above.

3.4.4 Of those yet to be allocated to a contractor, the Clerk of works team have reviewed those in Banff & Buchan and Buchan Area (79 – 65% of those not with a contractor) to determine which are in a suitable condition to be relet with minimal repairs, with the IWI being undertaken at the next void. This exercise has resulted in 20 properties being readied for relet. The remainder of the properties are issued to contractors, in batches, as they begin handing back completed properties. IWI properties have now been removed from the Housing Improvement Programme (HIP) to allow the HIP contractors to focus on delivering the upgrades and the focus will now be for the Housing Repairs IWI team to upgrade the remaining properties in this category – see item 3.4.6 below. As well as increasing the number of squads within the HR IWI Team, they are also working in partnership with an insulation supplier to install their product in appropriate IWI properties. This is proving successful and will increase the rate of completed IWI voids enabling the remainder to be completed within approximately the next 12 months. Property Services have been critical to the success of the HR IWI team due to the support from their architectural and inspection teams, their continued support will be essential to achieve this level of turnaround in the future.

3.4.5 Procurement

In order to address the backlog, the Service have obtained the express permission from the Head of Commercial and Procurement Services to dispense with the need to use the Public Contracts Scotland (PCS) website to advertise the contract under Financial Regulation 5.3.15 and instead, to tender the works through the Council's 'quick quote' procedure to procure contractors to work on IWI at void properties until the back log has been addressed. Due to the reactive nature of this type of contract, the exact value of expenditure cannot be determined at the outset but the total proposed expenditure will be less than £1,000,000, well below the OJEU threshold (£4,551,413). However, in order to ensure that the financial regulations are followed, the Committee is asked to approve the Supplementary Work Plan which contains the line for this contract. The proposed procurement will be across Aberdeenshire.

The Supplementary Work Plan is attached at Appendix 1. Each entry contains a unique contract reference number, contract name, description of

works, goods or services to be procured, estimated start and end dates, estimated total value, proposed extension period, relevant service, and Committee. In Appendix 2 is guidance which explains the information in each column.

Where the Contract Value is between £50,000 and £1,000,000, the Business Case may be approved by the relevant Chief Officer and notified to the Head of Commercial and Procurement Shared Services. However, the Committee may at this stage, choose to reserve the Business Case for this prior to the service being authorised to undertake the procurement.

3.4.6 Approach

The Scottish Government are currently developing a new energy efficiency standard for social housing (ESSH2) it is understood that this will include an interim energy efficiency standard (EPC band D) which all council houses will require to achieve by 2025. Therefore, in order to maximise the number of properties attaining this standard it is recommended that the programme of IWI upgrades is continued, but only applied to properties that become void. As can be seen in the table above, as at the end of January, the position varies in each administrative area, this is due to the turnover and quantity of IWI properties in each becoming void. Numbers have been considerably higher in Banff & Buchan, Buchan and to a lesser extent Marr areas, than others.

Therefore, it is recommended that differing retention approaches are applied to voids held for IWI in each area:

Banff & Buchan	IWI Voids in a good condition (meaning minimal repairs) are to be repaired and relet. Those with major works (see item 3.6) required are to be held for IWI upgrade. Should numbers of voids available reduce, officers will review and IWI Voids in adequate condition may be held for upgrade.
Buchan	
Marr	
Formartine	Due to turnover being low, that all IWI Voids are held for upgrade. Numbers will be monitored to ensure that numbers held void are kept low.
Garioch	
Kinc. and Mearns	

3.4.7 Housing Repairs Internal Wall Insulation Team (HR IWI Team) are performing extremely well having completed 32 IWI properties and working on another 16. Surveys in a further 23 are currently undertaken and components with long lead in times have been ordered. With this success and the change in approach, only undertaking IWI at void properties, indicates that an expansion of the in-house team is favourable and provides the Housing Service with additional benefits, including:-

- Reducing reliance on a fluctuating external market place
- Increasing flexibility to respond to business opportunities
- Strengthening resilience and sustainability of the Council's own Housing Repairs Teams

As such the Head of Service (Housing) will be making the posts within this team permanent and expanding the team to cover all of Aberdeenshire. The teams will not be bound to geographical areas and will be employed with the flexibility of being able to work across Aberdeenshire wherever the need arises. The team will also include for the addition of apprentices within each of the 3 squads in place and also for the proposed 2 new squads. The staff in these squads are funded through the Housing Revenue Account (HRA), they are financed through Capital as they are undertaking works that would otherwise have been undertaken by the Housing Improvement Programme (HIP) contractors, there will also be reduced void periods and therefore increased rental income and therefore effectively become self financing.

3.5 **Low Demand**

Individual properties are defined as Low Demand where there is a small (4 or less) or non-existent waiting list for that property type or where there have been 3 or more refusals for non-personal reasons. There are a range of reasons that are recorded as a refusal of an offer this could relate to:

- the property (property type, decoration) but also
- the applicant and their changing needs eg no longer wish that area, no longer require housing, not ready to move, property type unsuitable etc.
- no response being received to the offer

The Housing Services are reviewing this process in light of recent benchmarking, at present the average number of offers per relet is 1.5.

These properties are identified and are closely monitored with a range of actions being carried out to ensure that the property is relet as soon as practicably possible. These actions may include promoting use of low demand incentive, ongoing review of the waiting list and new applications and extensive advertising of the vacancy using a range of formal and informal resources. As at the 31st January 2019, 24 properties were identified as Low Demand and 20 of these were sheltered properties in mainly rural areas where there is limited access to shops, transport or health facilities.

3.6 **Major Works**

Properties requiring significant repairs or structural works, and during which period they would be unsafe to be occupied, are reported under this category. Following completion of major repair work any subsequent void period occurring until the date of re-let is counted as a void. At the time of writing there were 19 properties in this category of which; 5 are completed and ready to be let, 1 is a conversion, 1 is due to structural works, and the remaining 12 are due to multiple upgrades required to achieve the lettable standard.

3.7 **Rationalisation**

At its meeting on 31 May 2018, Communities Committee agreed to dispose of poorly performing assets on the Housing Revenue Account (HRA) as part of the asset disposal and reinvestment strategy. In line with Scottish Government guidance, where assets provide to be a significant drain on the HRA, these should be reviewed for disposal. There are currently 19 properties in category, however long term projections are difficult to determine as it is to some extent reactive depending on voids and linked to emerging strategies. Disposals on the open market will take place when the property is vacant, the proceeds of which will be reinvested in the delivery of affordable housing.

3.8 **Standard Void**

The Housing Service currently has circa 13,000 Council Houses of which during an average year there is a turnover of 9%. This indicates that there would be around 100 voids every month, increasing due to the other factors described in this report. As such it can be expected that in the region of 260 properties are being upgraded, repaired and ready for let at any given time. There will always be a number of properties that have been vacated and are being managed in accordance with the void process to keep the relet time to a minimum. This is a fast changing category of void with properties being very quickly made ready to let, of the 260 at the time of drafting the report 79 had been let with another 21 ready to let.

3.9 **Rapid Rehousing Transition Plan (RRTP)**

In line with a move to a Rapid Rehousing approach it is recognised that there is an opportunity to use our current resources more effectively and a commitment within the RRTP to review the void process to reduce the average days to relet void properties. In particular there is a need to streamline the process, give clarity on roles and responsibilities and allow properties to be prioritised to ensure that stays in temporary accommodation can be avoided or reduced to a minimum period. It is important to learn from others around this matter and ensure that we are as efficient as possible. The release of properties following completion of IWI work will assist homeless households, freeing up temporary accommodation or used to create vacancies that could subsequently be offered to homeless households.

3.10 The Head of Commercial and Procurement Shared Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3.11 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

4 **Equalities, Staffing and Financial Implications**

4.1 An equality impact assessment is not required because the proposals do not have a differential impact on people with protected characteristics.

4.2 The reports considers increasing the staffing compliment within the Housing Repairs team to include a minimum of one apprentice within each squad

(comprising of 2 joiners, 1 electrician, 1 plumber and 1 painter/labourer) and that staff within the Housing Repairs Internal Wall Insulation Team (HR IWI) currently on fixed term contracts are moved onto permanent contracts.

- 4.3 The estimated cost of the in-house team(s) will be met entirely from the approved capital budget 2018-2021, and the total tendered costs will be below the OJEC threshold.

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Report prepared by
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21st January 2019



Housing Service Annual Work Plan 2019-20

Housing Service Procurement Work Plan																				
B.Organised Contract Reference	Service	Contract Name	Contract Description	Est Contract/Contract Extension Start Date	Est Contract/Contract Extension End Date	Maximum Extension Period (Months)	Value to be approved by this Committee	Total Contract Value (inc all options & extensions)	Area(s) Contract Covers											
	Infrastructure Services	HR IWI Team	Specialist subcontractor(s) to install proprietary internal wall insulation	Apr 19	Apr 2020	12	£950,000	£950,000	All areas of Aberdeenshire											

Appendix 1

APPENDIX 2

Guidance Note on Work Plan Content for Committees

Column A – B.Organised Contract Reference Number

This unique number is requested from Commercial and Procurement Shared Services and will stay with the contract throughout its existence. All contracts go on the Council's Contract Register.

Column B – Service

Confirms the Head of Service responsible for the project/contract.

Column C – Contract Name

Should be clear and concise. This will be included in the Contract Register.

Column D – Contract Description

This is key and where Members will get the information they need to make an informed decision. Any entries which relate to aggregated or cross service contracts must identify the lead officer/committee, any breakdown of costs and approvals.

Column E - Estimated Contract/Contract Extension start date

This is the estimated start date for contracts in the forthcoming or current financial year but may include contract start dates in the next or following financial year, which can be approved, subject to budget allocation. If the entry relates to an extension to a contract –the start date for the extension period not the start date of the original contract will be in this column.

Column F – Estimated Contract/Contract Extension end date

This must be the end date of the actual contract excluding any extension period or the end of the Contract Extension.

Column G – Maximum extension period (months)

Included here is any provision for extension of the contract. The total value in Column I must include the estimated costs for any extension.

Column H – Value to be approved by this Committee

This is the value that committee are approving. If more than one policy committee are required to approve expenditure then this will be made clear in Column D. This will also be the value if there is a contract extension.

Column I - Estimated Total Contract Value (includes all options and extensions)

This is the total value of the project/contract over the whole term. This may be the same as Column H if it is new contract for one service only.

Column J – Area(s) Contract Covers.

This is one or more of the six Council Areas where the contract will be delivered.
