

## **BARNSELY METROPOLITAN BOROUGH COUNCIL**

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan.

### **REPORT OF THE EXECUTIVE DIRECTOR PLACE**

#### **BARNSELY HOMES STANDARD PROGRAMME FOR 2020/21**

#### **1. PURPOSE OF REPORT**

- 1.1 To inform Cabinet of, and seek approval for, the release of Berneslai Homes Standard programmes delivered through the new Property Repairs and Improvement Partnership (PRIP) and tendered elemental works programmes.

#### **2. RECOMMENDATIONS**

**It is recommended that:**

- i. Cabinet approve the nine main Barnsley Homes Standard schemes, stand-alone elemental schemes and the Programme of batched replacements, releasing resources as detailed in this report; and**
- ii. Cabinet authorises Berneslai Homes to progress schemes within the new Property Repairs and Improvement Partnership 2020 contract or to appoint a suitable contractor for proposed elemental schemes and following a procurement exercise and containment of costs within the approved sums.**
- iii. That Cabinet notes the added Social Value delivered by the Property Repairs and Improvement Partnership 2020 as set out at paragraph 5.1; including use of directly employed local staff and over 30 directly employed apprentices. That Cabinet also notes the Carbon Saving efficiency measures, and anticipated reductions to tenant's energy bills, as set out in Paragraph 3.5 of the report.**

#### **3. INTRODUCTION**

- 3.1 The Council first met the Decent Homes Standard for all its stock in December 2010, having delivered a £300M programme between 2004 and 2010 to achieve this. The standard is set by government and is essentially time based, with property elements having a defined life period. Since January 2011, the Council, through Berneslai Homes has implemented and managed the Barnsley Homes Standard programme designed to maintain the social rented housing stock at the Decency Standard. Appropriate Council strategic targets are set annually to ensure this. The

recent Housing Green Paper proposed additional powers for the Housing Regulator and the introduction of league tables for social housing stock owners and managers. Maintaining the Decent Homes Standard is certain to be a key metric within the suite of performance indicators making up the proposed league table.

- 3.2 The Government's Decent Homes standard covers a range of components whose effective lifespan is time limited (for example, 20 years for a kitchen) and different components have different lifecycles. Berneslai Homes manages and uses an asset management data base which tracks the installation date of all home standard components within a property. This data base is used to establish both the 30-year HRA business plan and the annual programme contained within this report. The 30-year business plan forecasts the overall expenditure needed over that period to maintain all homes at the standard. The annual programme details where work is required to maintain the standard, in the coming year.
- 3.3 Actual lifespans for individual components vary from the government time guidance and we do not replace components that are in good condition but extend the life of the component for further period, say 5 years. To ensure this process, every home and every component is surveyed in advance of replacement within the annual programme with variations recorded in the database. In addition to these 100% checks, periodic sample surveys of the whole stock are undertaken to ensure data and 30-year business plan accuracy.
- 3.4 The schemes proposed within the 2020/21 programme are addresses that were last improved during the early years of the programme from 2003 to 2006. The scope of works from the database shows that such elements as PVCu windows and doors, full rewires and central heating distribution systems will be unlikely to require replacements, but some kitchens, bathrooms and central heating boilers are likely to. The programme will also pick up other elements that were deemed not to fail at the time as well as original tenant refusals if not replaced since for instance as part of void works.
- 3.5 Gas central heating boilers are one element that consistently fails before the 16-year life time expectation within the government decency programme. Older boilers tend to break down more often. We have quite a high number of older, 10 years plus gas boilers in the housing stock, this is because the decent homes replacement programme was at its peak in the 2004 to 2008 period and many were replaced. Older gas boilers are also less efficient at around 78% efficiency compared with a modern combination boiler at 91% efficiency. Changing from one to the other on a semi-detached property will save the tenant £105 per annum (source: Sedbuk). This will help reduce fuel poverty in the borough. More efficient boilers also emit less CO2 because they burn less gas. This contributes to local and national emission targets.
- 3.6 The Council spends £1.9M per annum on gas heating breakdown and this is the largest single element of the responsive repairs and maintenance budget. To help reduce this problem, additional tendered elemental heating replacement schemes have featured as part of the Barnsley Homes standard programme over the last three years.

## 4. PROPOSAL AND JUSTIFICATION

### 4.1 Barnsley Home Standard - Main Programme

4.2 The proposed main Barnsley Homes Standard programme for 2020/21 will be delivered by Berneslai Homes Construction Services (CS) and a (to be confirmed) Private Sector Delivery Partner (PSDP) and is as follows:

	<b>Scheme</b>	<b>Number of Houses</b>	<b>Budget Cost £</b>
CS	Kendray	355	2,789,600
CS	Grimethorpe	125	975,000
CS	Cudworth	70	546,000
CS	Monk Bretton	178	1,388,400
CS	Penistone	126	982,800
CS	Royston	71	553,800
PSDP	Bolton on Dearne	142	1,107,600
PSDP	Hoyland	270	2,106,000
PSDP	Hoyland (Jump Farm Est)	61	475,800
<b>TOTAL</b>		<b>1,398</b>	<b>10,925,000</b>

The detailed address list is attached at Appendix B to this report.

- 4.3 The programme, together with other works detailed below, will maintain the Council's Housing Stock within its strategic target of 96% at the end of March 2020.
- 4.4 Budget costs are derived by using previous year's outturn costs and include NPS fees. Following detailed survey of every property within each scheme and agreement on individual scopes of work for every property, partner contractors propose guaranteed maximum prices for each package. These are vetted, negotiated and agreed by NPS, within the Council PRIP 2020 contract. The actual out turn cost of schemes is actual cost within the GMP.
- 4.5 Work is allocated to Construction Services and a Private Sector Delivery Partner (Wates) on two thirds and one third basis in line with the requirements of the PRIP 2020 Contract. The PRIP contract is designed to add social value and the detail of this is set out at paragraph 5.1.
- 4.6 The Barnsley Home Standard delivery programme is well established but continues to learn from previous years. This year as an improvement Berneslai Homes and PRIP delivery partners have worked together with a view to ensuring all surveys and pre-start on site planning, takes place well in advance of the April start date. This preparatory work includes property surveys and validation checks, engaging in Guaranteed Maximum Price negotiations early, consultation with tenant's residents and leaseholders. This year too, the process has been more complex because of the change of Private Sector delivery partner within PRIP and early intervention to the standard process has seen the private sector property procured by Berneslai Homes and passed to the partner. This has worked well and will enable both partners to start work promptly in April.

#### 4.7 **Barnsley Home Standard – Gas Elemental Scheme.**

- 4.8 The proposed scheme is a programme of 800 new gas combination boilers and distribution systems where required at an estimated cost of 2.000M including professional fees. They will replace old gas back and combination boilers. Typically, installations will be at or near the home standard failure date of 16 years for a boiler and 40 years for a distribution system. The installations will be spread across the borough and criteria for selection will be worst first. This programme is additional to the main Barnsley Homes Standard programme above which will see central heating systems replaced in up to 1,398 properties where required.
- 4.9 The programme will contribute towards maintaining the Council Decent Home Standard Target of 4%. Heating systems are one of the main components within the standard.
- 4.10 The Council's PRIP 2020 partners (Construction Services and Private Sector Delivery Partner) cannot deliver the additional heating schemes from the directly employed workforce. The installation of works will therefore be competitively tendered (by NPS) using the Efficiency North regional frameworks and with direct purchase of materials from the framework. The framework is designed to deliver additional social value by its use including training of apprentices targeted at hard to reach groups. The framework is also designed specifically for social housing projects. This methodology has delivered very successfully on previous tendered elemental schemes and proved excellent value for money.
- 4.11 New boiler installations are an important stepping stone to reducing carbon omissions and carbon zero targets. Older gas boilers are less efficient at around 78% efficiency compared with a modern combination boiler at over 90% efficiency. Changing from one to the other on a semi-detached property will save the tenant £105 per annum (source: Sedbuk) on gas, meaning less fossil fuel use. More efficient boilers also emit less CO<sub>2</sub> because of this contributing to local and national emission targets.

The boilers currently installed in Council homes are British built, fully modulating, and highly efficient condensing combination boilers; which have a class A efficiency rating of 93% and have been specifically endorsed by the Energy Saving Trust. They are at the leading edge of gas boiler efficiency. Berneslai Homes keep the specification of new boiler products under review to ensure the best efficiency and fit with social housing.

- 4.12 As we move towards carbon zero targets, a move away from gas boilers to non fossil fuels is inevitable. The strategy to achieve this is set at paragraph 18 of this report.

#### 4.13 **Replacement Items - £1.565M**

- 4.14 The proposed replacement items budget is to be used to replace items in Council Housing, where they cannot be repaired, are reasonably urgent in nature and are not heating related (where there is a separate budget allocation). The items are placed in planned programmes released monthly through the Property Repairs and Improvement Partnership (PRIP) to Berneslai Homes Construction Services and

Wates. These batched releases enable the work to be properly planned and priced, making delivery efficient and costs more controllable. The works typically consist of:

- Full or Partial Kitchen Replacements;
- Full or Partial Bathroom Replacements;
- New Guttering;
- New Doors; and
- New Windows.

The proposed budget is sufficient to fund around, on average, 1,300 replacements and will contribute towards maintaining the Council Decent Home Standard Target of 4%.

## **5. CONSIDERATION OF ALTERNATIVE APPROACHES**

- 5.1 The Barnsley Home Standard programme is required to meet the Council's decency target of 96% and the Council will be contractually committed to Construction Services and the chosen Private Sector Delivery Partner for the delivery of the work within the PRIP 2020 Contract. The PRIP contract is designed to add social value and the vast majority of these are directly employed staff who live within the borough. The partnership will be required to have over 30 directly employed apprentices and annual programmes of work experience. The contract makes a major financial contribution to the Barnsley Bond Scheme. The contract has targets for equality and diversity in the workforce including encouragement of women into construction and carbon footprint sustainability. It sets stringent targets for re-cycling waste materials (more than 96%) and the Barnsley Pound (more than 73%).
- 5.2 The elemental heating programme could be carried out as part of the Barnsley Homes Standard programme in future years; however this will not achieve the context and rationale for carrying out the projects in the 2020/21 financial year or the benefits it will bring to tenants. It may also impact on Decency levels in the short/medium term.

## **6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS**

- 6.1 The proposals in this report will ensure that the properties in question continue to meet the Governments Decent Homes Standard and without the need for frequent repairs. This will benefit the customers as well as taking some budgetary pressure from the responsive repairs budget. The new heating systems and additional insulation works as part of the Barnsley Homes Standard programme will bring a reduction in heating costs to tenants.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 The estimated cost of the Barnsley Home Standard Schemes for 2020/21 totals £10.925 M. The anticipated cost of the heating elemental works is a further £2.000M. The Replacement Items Programme has a budget of £1.565M. The

overall expected cost of works described within this report therefore totals £14.491M, all figures include for works and fees.

- 7.3 The funding associated with both the Barnsley Home Standard programme and the elemental work programs as discussed throughout the report relates to contributions from the Housing Revenue Account.
- 7.4 The overall funding package for the Housing Revenue Account capital investment programme for 2020/21 is outlined in the overall HRA budget approved by Cabinet.. The full investment programme includes the Barnsley Home Standard programme and elemental works (this report) together with the wider capital programme for the Housing Revenue Account (HRA) including housing growth investment schemes.
- 7.5 The 30-year business plan and therefore the capital programme requirements over that period will be subject to a rigorous review during 2020/21.
- 7.6 The financial implications are summarised in the attached Appendix A.

## **8. EMPLOYEE IMPLICATIONS**

- 8.1 There are no employee implications arising from the recommendations within this report.

## **9. LEGAL IMPLICATIONS**

- 9.1 There are direct legal implications for the Council arising from this work. Schemes proposed to be carried out under by the PRIP contractors are covered by those existing contractual arrangements. Elemental works will be undertaken following procurement under the Council's Contract Procedure Rules and the signing of a standard form of building contract endorsed by the Borough Secretary.

## **10. CUSTOMER AND DIGITAL IMPLICATIONS**

- 10.1 Customers receiving new boiler installations will benefit from digital programmable timers and multiple location heat controls. They will receive both face to face and written instructions on the use of the heating systems. We will encourage our customers as part of the programme to take up smart meters from their energy supplier. On the home standard programme and elemental works, we will be actively promoting the benefits of switching energy suppliers to the new Barnsley Energy Tariff – Great North Energy. We also provide advice on keeping the home warm and can help with specialist advice for those struggling with energy and other bills.
- 10.2 Before and during the programme of works, tenants will receive dedicated tenant support from our Project Liaison Officers. The officers prepare tenants for the work, explain what will be taking place, support them during the process and provide after care. Tenants are also eligible for a redecoration grant following major works.

## **11. COMMUNICATIONS IMPLICATIONS**

- 11.1 All tenants and leaseholders involved will be consulted prior to works taking place about when they can expect the works, about preparation for the works, how long

they will take and what they can expect during the works. Customers have an element of choice for kitchen and bathroom ranges and all customers have a right of refusal if they do not wish the works to be carried out.

- 11.2 Where leaseholders are affected by works, they will be consulted within the prescribed leaseholder timescales. Where leaseholders are required to pay for works a number of established easy payment options have been devised, including interest free and monthly term payments.

## **12. CONSULTATIONS**

- 12.1 Consultations about the programme have been undertaken within BMBC and Berneslai Homes. Tenants are consulted about the works as described in paragraph 11 above.

## **13. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK**

- 13.1 The works proposed in this report will ensure the properties remain compliant with the Decency standard which aligns Berneslai Homes Strategic Plan with the Council's corporate priorities and requirements of Headline KPI's.

## **14. TACKLING HEALTH INEQUALITIES**

- 14.1 The provision of a home that is warm, safe and comfortable is a fundamental requirement of the Decency standard, promotes good health and wellbeing and is a fundamental component of basic human rights. These works will form an essential part of ensuring that Council housing stock meets these requirements.

## **15. RISK MANAGEMENT ISSUES**

- 15.1 Contractual Risk - There are risks in the delivery of any building contract and working in occupied homes can involve additional risks. These risks will be managed and monitored by a contract Core Group consisting of staff from NPS, Berneslai Homes and the Contractor. The Core Group, who will meet on a regular basis throughout the duration of the scheme, will monitor progress, costs, cash flow, performance and customer satisfaction. This should result in timely interventions and/or value engineering to take place should the situation arise. All contractors involved in the works will be thoroughly checked using as required by Council procedures and be experienced contractors.
- 15.2 Financial risks will be monitored throughout the programme and by individual project. All contractors will have financial checks prior to engagement. Additional mitigation will be by payment in arrears following satisfactory completion of stages, retentions and bonds as appropriate.

## **16. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES**

- 16.1 The contract will be undertaken under the strict requirements of the Construction Design and Management Regulations 2015 which will be managed and monitored by NPS Barnsley on behalf of Berneslai Homes with regular site meetings and

inspections. Contractors engaged will have to meet strict health and safety standards.

## **17. COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS**

17.1 None arising from this report.

## **18. IMPLICATIONS FOR AND CONTRIBUTIONS TO THE COUNCIL'S ZERO 40/45 TARGETS**

18.1 The programme includes the installation of new gas boilers. Whilst these systems will run more efficiently (saving tenants money on their heating bills) and emit less CO2 than the older systems that they are replacing, it is acknowledged that to achieve carbon zero targets we will need to move away from fossil fuel heating in the medium term. This will need to be a phased approach which considers the needs and views of tenants and considers the 30-year business plan financial implications, future technology options and a full training programme for both staff and tenants.

Berneslai Homes has a good track record of introducing non fossil fuel technology including air source heat pumps (632 domestic installations) and on heat networks, ground source heat pumps and biomass systems. From 2020, the Council's New Build programme will no longer build homes 'on' gas and is piloting a Barnsley Low Carbon Standard specification as part of its 2020/21 delivery programme. This will inform the most efficient and cost-effective ways of delivering new homes which are low carbon and provide the best energy efficiency for our tenants; whilst being affordable within the capital investment programme and 30-year business plan.

Officers are working closely with Berneslai Homes to explore the options for moving stock to renewable heating sources (air source/ground source/hydrogen) as part of the future homes standard programme; these will be built into the SEAP's to ensure that stock is on track to meet the Zero 45 target.

Officers in Berneslai Homes also keep under review the Berneslai Homes Standard Specification to ensure continuous improvement and that opportunities to improve the specification without significant additional cost are taken. A recent example of this was the move from UPVC external doors to a good quality composite doors. This has improved heat loss from homes and increased security.

## **19. GLOSSARY**

HRA – Housing Revenue Account

NPS – Norfolk Property Services (Barnsley)

PRIP – Property Repairs and Improvement Partnership

GMP – Guaranteed Maximum Price.

## **20. LIST OF APPENDICES**

Appendix A: Financial Implications.

Appendix B: Address List for Home Standard Works.

## **21. BACKGROUND PAPERS**

- Stock Condition Database
- Asset Management Repairs History/Data

If you would like to inspect background papers for this report, please email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk) so that appropriate arrangements can be made

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