

## Report for Resolution

**Report to** Executive  
28 May 2008

**Report of** Assistant Director Neighbourhood Development

**Subject** Proposed options for the prioritisation of additional funding for the window replacement programme to Council owned properties.

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### Purpose

To ask members to approve the way in which the additional £7m worth of funding, identified to accelerate the completion of the window programme from asset condition to deprivation, will be prioritised.

### Recommendations

Members are asked to consider the options set out in paragraph 13 for prioritising the spending of the additional £7m identified to further accelerate the replacement window programme, from 2015 to 2012, and to agree one option as the method to be used in future. It should be noted that the remaining £3m of the programme each year will continue to be prioritised as at present, i.e. using asset condition.

### Financial Consequences

The financial consequences of this report are identified in the risk analysis contained in Appendix A.

### Strategic Objective/Service Priorities

The report helps to achieve the corporate objective to strive for sufficient, good-quality, affordable housing, providing choice and accessibility and supports the service plan priority to replace existing windows with new Polyvinyl Chloride unplasticised (PVCu) windows, as identified as a high tenant aspiration in the Options Appraisal 2005.

**Executive Member:** Housing and Adult Services:

**Wards:** All

### Contact Officers

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## **Background Documents**

Executive report 6<sup>th</sup> February 2008 - Housing Capital Plan 2008-2012 & Capital programme 2008/09.

# Report

## Background

1. Following on from the sample stock condition survey, carried out in the summer of 2005, the resultant data was used to produce a new programme for the replacement of existing windows with new PVCu windows, which was approved by Executive on 23 February 2006.
2. The programme was drafted on an asset management basis using the survey data to identify the areas where the most repairs/failures were expected and then using this data to justify the prioritisation of properties in the programme, i.e. 'worst condition first' basis.
3. This programme proposed an annual spend of £3m on replacement windows, the largest area of spend within the capital budget, recognising the priority placed on this area of work by tenants.
4. The annual spend of £3m meant that the completion of the programme would have been 2014/15, although it should be noted that any properties not meeting the Decent Homes Standard would have been upgraded by the required date of 2010.
5. Early in 2007 Housing Property Services (HPS), recognising the pressure to shorten the length of the window programme, were able to reduce the length of the programme by almost a year. This was as a result of Executive approval to use the savings generated from the renegotiation of the CityCare contract (£800k over the remaining four years of the contract i.e. 2007-2010) for additional replacement windows and also the fact that the actual average costs of windows during the first year was less than the average budget figures identified, resulting in more properties being delivered annually for the same budget of £3m. The principles used for the re-drafting and bringing forward of properties in the programme was the same as those used originally, i.e. 'worst condition first'.
6. Earlier this year the Executive approved additional capital spend of £1m in 2008/09 and £2m each year for 2009/10, 2010/11 & 2011/12, resulting in an annual budget for the replacement of PVCu windows of £4m for 2008/09 and £5m for each of the remaining 3 years. This additional spend was originally identified as a method of bringing forward the completion of the window programme to 2012, three years earlier than originally programmed.

## Current Position

7. The methodology initially used to re-draft the programme, to take account of the additional spend, was the same as that used previously, i.e. 'worst condition first', with the properties brought forward in the programme until the budget for a given year was committed.
8. The Council's existing commitment to energy conservation and to supporting

residents with the consequences of raising fuel costs has led to the exploration of ways of making a big impact, as quickly as possible. Although there will be many future opportunities to make a difference the windows programme is an existing opportunity to take a direct action with immediate effect for residents. Therefore, without prejudice to the original programme of window replacement an alternative available to Council for this additional spend would be the option to apply the criteria of "areas of highest deprivation". This would mean that in addition to maintaining the original programme based on £3m per annum applied on the basis of 'worst condition first', the additional spending £ 7 million between 2008 and 2011) would be applied against the 'new criterion' of areas of significant deprivation first'.

9. The Executive may also wish to consider a priority schedule for window replacement based upon prioritising the additional spend for houses in areas of deprivation for year one only, thus prioritising those identified (using income as the main driver) as the most deprived areas. Subsequent years would continue to upgrade windows against the original 'worst condition first' criteria.
10. 16 areas of deprivation in council stock have been identified. These areas do not include any private properties, only council owned stock and therefore do not follow ward boundaries etc). Income was considered as the main driver for deprivation in this identification process. These areas were then converted into streets allowing individual properties to be identified from the window programme.
11. The current position is that a revised window programme has now been drafted with completion of the programme brought forward to 2012. The additional funding (£1m in 2008/09 and £2m each year for 2009/10, 2010/11 & 2011/12) has been prioritised for the individual properties in the 16 areas of deprivation with the original £3m annual budget being prioritised on the existing criteria of asset condition (worst first condition).

### **Potential Issues to Consider/Risk Log**

12. There are a number of issues that must be considered if a change from programming based on asset condition is adopted. The main issues have been risk assessed and are outlined in Appendix A.

### **Options**

13. The options for prioritising the additional funding of £7m over the remaining 4 years of the programme are:
  - Option 1 – Prioritise properties using asset condition as the main driver. The current process for the main £3m of the programme. In effect the order of the programme would remain as it is but with more properties being upgraded every year therefore bringing the completion of the programme forward to 2012.
  - Option 2 – Use deprivation to prioritise the 'additional funding' of £7m, thereby bringing forward properties that fall within the 16 areas of deprivation. The main £3m of the programme will continue to be prioritised using asset condition.

- Option 3 – Use deprivation to prioritise the additional funding for 2008/09 only (£1m) with the remaining £3m for 2008/09 remaining as asset condition. The remaining 3 years of the programme would continue to be prioritised using asset condition. It should be noted that this would only mean that a limited number of homes in areas of deprivation would have their window replacement dates brought forward.

## Appendix A

<b>RISK</b>	<b>IMPACT</b> 1-3 (3 being high)	<b>LIKELIHOOD</b> 1-3 (3 being high)	<b>SCORE</b>	<b>COMMENT</b>
Programming on a worst first basis would the amount of expenditure on responsive repairs will be reduced because the windows in the worst condition will be replaced earlier in the programme thereby reducing the number, and cost, of repairs. The programming on a worst first basis is purely financial and takes no account of other social and environmental benefits for the city.	2	2	4	
The situation with the external redecoration and repair programme is similar to the above in that we may not be replacing the windows in worst condition first therefore increasing the amount of repairs required prior to painting and therefore increasing the cost.	3	2	6	As above.
By targeting areas of deprivation we may not be improving the properties that are the most costly to run for the tenant, i.e. a tenant living in an area of deprivation may be on a low income etc but may be in a property that is relatively cheap to run, however, a tenant who has a higher income living in an area that is not an area of deprivation may, in fact, be worse off because the property he is living in is less efficient to heat and therefore costs him more to run.	3	2	6	

<p>The criteria for performance indicator NI187 is changing and will no longer be based on fuel poverty (i.e. where more than 10% of household income is spent on energy). Instead it will be based on 2 eligibility criteria; SAP rating and receipt of income-related benefits. The 2 areas on which we have calculated deprivation are the proportion of households in receipt of an income-based benefit (Job Seeker's Allowance, Housing Benefit, Council Tax Benefit etc) with a SAP rating of below 35 and households in receipt of an income-based benefit with a SAP rating of 65 or more. Performance will be monitored by the changes in the number of households from an annual sample within the respective groups, with the aim being to increase the number of households in the &gt;65 group and reduce the number of households in the &lt;35 group.</p> <p>We are not able to change whether the tenant is receiving benefits or not but under the revised programme all properties with a SAP rating of less than 35 were included in next years programme (2008/09). However, with the change to using deprivation areas as the programme driver we may have properties with a SAP of less than 35 appearing later in the programme potentially resulting in a poorer performance rating. However, no property should be delayed (against the published time-line) for this work by the method used to</p>	3	1	3	<p>An exercise has been carried out to identify those properties known to have a SAP rating of less than 35 and it has been possible to ensure that these are included in the 2008/09 programme. It should be noted that not all properties have had a stock condition survey carried out therefore there may still be properties with a SAP rating of less than 35 that we are unaware of, so the risk has not been eliminated entirely.</p>
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prioritise the spending of the additional £7m over remaining four years of the programme.				
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