



## Report to Assets, Development and Investment Committee

17 October 2013

**Title:** 2013/14 Capital Update – End of Second Quarter

**Report of:** Director of Customers and Communities

### Purpose of summary

1. To provide the committee with an update on the delivery of the capital programme for 2013/14 at the end of the second quarter.

### Background

2. The five year capital budget up to 2017/18 was approved by Gateshead Council's Cabinet on 7 February 2012 and reported to Asset Committee on 23 February 2012.
3. A summary of the 2013/14 capital programme is attached as Appendix 1.
4. The capital programme is informed and managed by the Investment and Delivery service. This involves identifying schemes and prioritising capital investment based on stock condition and repairs history and managing the performance of the delivery partners to ensure that schemes are delivered on time, on budget and to the satisfaction of customers, with emphasis on achieving value for money. Our main delivery partner is Local Environmental Services (LES).

### 2013/14 Capital Programme

5. Since 2012 the capital programme has focused on the renewal of key elements with the stock to prevent properties falling into non-decency.
6. Maintaining Decency represents the largest single area of capital investment, In the latter part of 12/13 and early part of this financial year the main focus has been on agreeing and mobilising the programme at the earliest opportunity.
7. This year we have focused works in more targeted geographic areas to assist with the delivery and packaged works to maximise operational delivery for LES.
8. A summary of performance against the various budget headings is given below:-

### Health and Statutory Obligations

- Five lifts programmed to be replaced as part of this years planned works. Final installation scheduled for January 2014.
- Fire Safety Works to Sheltered Housing schemes has commenced and works are almost complete at McErlane Square, Harrison Court, Pleasant Place and Birtley Villas. The works include communal door and flat door upgrades and replacements, compartmentation works and minor electrical upgrades to communal lounge emergency lighting and smoke alarms. The extent of works varies considerably from one scheme to another although the work is due to be completed by the end of the financial year in line with recommendations from the Tyne and Wear Fire and Rescue Service.
- Fire Safety works to Multi storey flats – All works to multi- storey flats were concluded during 2012/13 with the exception of Regent Court, where an innovative sprinkler installation was deemed to be the most appropriate solution. The installation started in January 2013 and was scheduled to take 10 months. The sprinkler system, to the individual flats and communal areas is now almost complete, only one flat remains outstanding which is subject to legal action to allow access. 98.2% of customers were satisfied overall with the installation.
- Equality Act works to communal lounges – 3 of 14 schemes were complete at the end of September (McErlane Square, Joyce Close and Woods Green) with the remaining schemes in development. These works have been developed in consultation with the Councils Design services and primarily improve entranceways and toilet facilities
- Equality Act works to Multi story flats – all schemes are currently in development with Design Services but physical works are expected to be completed during remainder of this financial year.

### Maintaining Decency

9. Having analysed performance during 2012/13 and discussed opportunities for better ways of working with our delivery partner we took a more strategic approach to the programme this year and estates were identified with a high concentration of work to maximise efficiencies and avoid resources being spread across several areas.
10. The Maintaining Decency programme for 2013/14 comprises initially of works to 1,244 properties. Covering individual elements such as re-wiring, boiler replacement, kitchen replacements and bathroom renewals. Work commenced in April and much of the first quarter was focused on development and surveying. The programme commenced on site during June. Currently the programme is around 30% complete and on target to conclude in early 2014. There have been a number of drop outs and we are working with LES to identify reserve schemes to back fill in order to provide continuity for the LES delivery streams through to April 2014.
11. We are also looking at introducing a package of external works to be delivered in the final quarter of this year to renew flat roofs and address condensation issues.

12. This year's window programme consists of 249 homes. This work is going through a tendering process with installation expected to be carried out between January and March 2014. The estates that will receive replacement windows in 2013/14 are shown in Appendix 2.

Other schemes in progress

13. In addition the following schemes are currently in the programme;
- Remote door entry and CCTV - discussions are being held with the Council regarding the prioritisation of this work.
  - Tunstall Carecall scheme to upgrade the system on 389 properties completed September 2013
  - Communal Electric upgrades to Barnes Close, 1 block completed and 1 block work in progress. Regent Court has received measures to improve communal lighting and fire alarm install. Crowhall Towers is due to commence early 2014.
  - A two year External Wall Insulation (EWI) programme to 631 properties. Located mainly at Leam Lane estate, the works are to non-traditional house types BISF, Wimpy no fines and Dorrans. The £4.5M programme is virtually fully grant funded and is being undertaken by Mears and project managed by an external agent. A mirror contract programme is being carried out concurrently through Home Group using the same contracting and management resources. The resulting insulation works together with associated 30 boilers and 162 properties receiving windows will improve the SAP ratings for the harder to heat homes and reduce fuel poverty. Works are programmed to commence 21<sup>st</sup> October 2013.
14. This external funding is an example of TGHC working in partnership with colleagues from Gateshead Council to bring in additional resources to the council overall. Although the EWI scheme requires a contribution of from the capital programme, the company successfully secured additional grant funding form the previous regime of energy company funding during 2012/13 of £320,000. It has been agreed to passport this funding into the 2013/14 capital programme to supplement the EWI scheme.

**Links to Values**

15. This report relates to the following company values: -
- Being honest, accountable and transparent
  - Being a listening and learning organisation

**Impact on tenants**

16. Having spent £330million bringing all properties up to the Decent Homes standard we continue to invest in maintaining decency of the housing stock for the benefit of the customers.
17. The insulation works being undertaken to 631 properties will improve the SAP ratings for the harder to heat homes and reduce fuel poverty.

18. Satisfaction surveys are carried out with all tenants and leaseholders who receive investment works. These satisfaction surveys have now been split to ensure that we can gather improved data on satisfaction across all of the different elements of investment work. This will help to improve the service to customers when they receive works. Results up to 31 August 2013 show that 97.78% of customers are satisfied with the overall improvements.
19. Customers will benefit from the Equality Act works improving entrance access and toilet facilities to communal areas.
20. The ECO scheme is a positive example of TGHC working in partnership with Gateshead Council to bring additional resources into to the borough to improve customers' homes at a time where there is increased pressure on council spending.

### **Health Implications**

21. The improvement works detailed in this report, in particular the External Wall Insulation works, being delivered will reduce the risk of customers living in cold damp homes, reducing the risk of heart, stroke, respiratory and cold related illness.

### **Environmental Implications**

22. The works will deliver new high efficiency combination boilers to more than 300 properties that have the oldest most inefficient systems currently. The EWI scheme to 631 harder to heat properties along with window replacement works to over 200 properties will reduce substantial carbon emissions through reductions of heating usage.

### **Risk Management Implications**

23. The failure to maintain decency has been identified as a strategic risk and controls and future actions have been agreed to mitigate the risk. The Strategic Risk Register is reviewed annually by the senior management team and monitored by the Board. Works being undertaken to renew/refurbish five lifts in multi-storey blocks and sheltered schemes as well as Equality Act works.
24. The fire safety works that are being carried out to sheltered schemes and at Regent Court will address deficiencies that were identified by officers from TGHC and the Tyne and Wear Fire and Rescue Service and will mitigate risks in properties occupied by some of our most vulnerable customers.

### **Financial Implications**

25. The financial implications are detailed in the report. The capital programme is being delivered within existing budget and we are constantly looking at opportunities to maximise value for money and attract additional funding to supplement capital delivery.
26. The EWI scheme has brought in grant funding of approximately £5.4 million to the borough with £3.9million supporting the Council's capital programme and delivering additional improvements to TGHC managed properties.

## **Equality and Diversity Implications**

27. The Equality Act works will improve accessibility to 7 blocks. Measures include improved entranceways as well as DDA compliant toilet facilities

## **Value for Money Implications**

28. Value for money is key in delivering an efficient and effective investment programme. Discussions have been held with suppliers around their costs to ensure that we are continuing to receive the best quality products at a reasonable price. We will continue to manage the investment works to ensure that the contractors provide value for money in their approach to the works.

## **Consultation carried out**

29. Consultation has been carried out for:-
- Maintaining Decency – drop in events have been held for residents whose homes are due heating or kitchen replacement.
  - Fire Safety Works – drop in events have been held for residents living in multi-storey blocks so they could find out more about the works.
  - Regent Court Sprinkler System – information events have been held for all residents living in the block and visits to a pilot flat has been carried out.
  - Pleasant Place - residents meeting relating to the lift replacement.
  - Ward Councillors have been updated and advised of the Capital scheme proposals in their wards.

## **Recommendation**

30. The views of the committee are sought on whether it is satisfied with progress to date with the capital programme 2013/14.

**Appendix 1 Housing Capital Programme to End of September**

<b>HRA Capital Programme 2013/14</b>						
<b>Category</b>	<b>Project</b>	<b>12/13 Slippage£ ,000</b>	<b>13/14 Original Budget £,000</b>	<b>Total 13/14 Funding £,000</b>	<b>Spend to 30 Sept 2013 £,000</b>	<b>Quarter 2 Revised Budget £,000</b>
<b>Health and Safety</b>	Lift Replacement/Refurbishment	74	500	574	159	574
	Replacement of Communal Electrics	93	250	343	219	343
	Equality Act Works - Multi Storey Flats	250	250	500	0	250
	Equality Act Works - Communal Lounges	97	100	197	2	197
	Fire Safety Works to Multi Storey Flats	792	0	792	350	792
	Fire Safety Works to Sheltered Schemes	492	0	492	6	492
		<b>1,798</b>	<b>1,100</b>	<b>2,898</b>	<b>736</b>	<b>2,648</b>
<b>Contractual</b>	Programme Maintenance	0	1,000	1,000	500	1,000
<b>Obligations</b>	Strategic Maintenance	0	1,500	1,500	1,500	1,500
		<b>0</b>	<b>2,500</b>	<b>2,500</b>	<b>2,000</b>	<b>2,500</b>
<b>Maintaining Decency</b>	Maintaining Decency	<b>3,285</b>	<b>6,930</b>	<b>10,215</b>	<b>4,530</b>	<b>10,606</b>
<b>Estate Regeneration</b>	Chandless Demolition	0	350	350	134	344
	Dunston Achieving the Vision	0	0	0	6	6
	Clasper Village	0	555	555	150	555
	Bleach Green	0	390	390	211	390
	Flowershow Field	0	19	19	18	19
	Older Persons	87	200	287	38	287
		<b>87</b>	<b>1,514</b>	<b>1,601</b>	<b>557</b>	<b>1,601</b>
<b>Other Priorities</b>	One Off Heating Replacements	418	500	918	217	698
	Warden Call	-20	250	230	35	189
	Window Replacement	232	500	732	142	732
	Remote Door Entry and CCTV	100	0	100	0	0
	High Fell A and B Schemes	0	0	0	809	936
	ECO Windows Scheme	0	0	0	0	320
	New Build	0	0	0	0	500
		<b>730</b>	<b>1,250</b>	<b>1,980</b>	<b>1,203</b>	<b>3,375</b>
	<b>Total TGHC Capital Programme 13/14</b>	<b>5,900</b>	<b>13,294</b>	<b>19,194</b>	<b>9,026</b>	<b>20,730</b>

**Proposed Window Replacement Programme Years 1 to 2**

<b>Estate</b>	<b>Ward(s)</b>	
<b>With Timber Windows</b>		
<b>Completed replacement</b>		
<b>Year 1 2012/13</b>		
ACQUIRED_LOW_FELL	LOW FELL	1
BAGNALL_GRANGE	BLAYDON	1
LAKES_EST	WINLATON & HIGH SPEN	1
PORTMEADS	BIRTLEY	1
WINLATON_MILL	WINLATON & HIGH SPEN	1
GRANGE_CRESCENT_EST	PELAW & HEWORTH	4
WATERGATE	DUNSTON HILL & WHICKHAM EAST	3
LOW_GREENSIDE	CRAWCROOK & GREENSIDE	5
RACECOURSE Ph1	LOBLEY HILL & BENSAM	58
HALLGARTH_EST Ph1	BLAYDON, WINLATON & HIGH SPEN	58
DECKHAM_EST	FELLING, DECKHAM	20
BLUE_QUARRIES	HIGH FELL	32
		<b>185</b>
<b>Programmed this year</b>		
<b>Year 2 2013/14</b>		
HALLGARTH_EST Ph2	BLAYDON, WINLATON & HIGH SPEN	110
FLORENCE_AVENUE_EST	HIGH FELL, LOW FELL	31
HEXHAM_OLD_ROAD_EST	RYTON	58
HALLGARTH_EST Ph3	BLAYDON, WINLATON & HIGH SPEN	50
		<b>249</b>