



Report to Assets, Development and Investment Committee

26 February 2014

Title: Capital Update – End of Third Quarter 2013/14

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 third 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. A revised Capital Programme for the next five years was approved by Gateshead Council on 6 February this year, details of which are shown at Appendix 2. This includes some changes to budget allocation for the coming financial year. The most significant changes being an increase in the provision of budget for strategic maintenance of £0.5million in response to the increase in void properties this year and an additional £0.5million in the window replacement budget which will accelerate the programme going forward.
5. The programme for 14/15 is currently being developed to reflect these changes and will be reported to the next committee meeting.
6. 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 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

7. Since 2012 the capital programme has focused on the renewal of key elements within the stock to prevent properties falling into non-decency. Maintaining Decency represents the largest single area of capital investment.

8. A summary of performance against the various budget headings is given below:-

Health and Statutory Obligations

- Nine lifts were identified as needing to be replaced this year. By the end of the third quarter, work had been completed at three lifts in blocks at Barnes Close and one at the Pleasant Place Sheltered Scheme. Two further lifts at Pleasant Place, and three at Park, Peareth and Priory Court were all in progress and are expected to be complete within this financial year. A further lift refurbishment at St Cuthbert's Court is programmed to start March 2014.
- Fire Safety Works to Sheltered Housing schemes are almost complete. The outstanding work involves completion of the electrical upgrades to communal lounges and this is programmed to be completed in March 2014. Part of the work included the fitting of door closers to individual flats and having identified that this was causing frail customers some difficulty in terms of access, a revised specification has been identified and is being installed.
- Fire Safety works to Multi storey flats – All works to multi- storey flats were concluded during 2012/13 and we are currently working through the process for Final Completion Certification. The sprinkler installation at Regent Court was completed in October. One flat still remains outstanding which is subject to legal action to allow access. Satisfaction from customers with the installation of this scheme is at 98.2%.
- Equality Act works to communal lounges –14 schemes were programmed to receive works this year and all were nearing completion at the end of quarter 3. These works have been developed in consultation with the Councils Design services and primarily have improved entranceways and toilet facilities.
- Equality Act works to Multi story flats – Schemes in multi-story blocks have been developed by Gateshead Council's Design Services and prices are being sought from Local Environmental Services to deliver the works. The majority of capital spend this year has been focused on preparatory audits and designs with physical works will commence in early 2014/15.

Maintaining Decency

9. The Maintaining Decency programme for 2013/14 comprised initially of works to 1,157 properties. Covering individual elements such as re-wiring, boiler replacement, kitchen replacements and bathroom renewals. Work commenced in April with much of the first quarter focused on development and surveying to achieve commencement on site in June.
10. Currently the delivery of the remaining original programme is around 95% complete and on target to conclude in April 2014. There have been 248 of the original properties omitted (approx. 22%). Reserve schemes have been identified on four estates with works required to a further 453 properties. LES commenced working on these address in January and this work will continue through the final quarter, although it is expected that this additional work may run into the following financial year, with the programme concluding in late April.
11. In addition to the above reserve properties, a package of external works to renew flat roofs and address condensation issues at St James Village is being developed and this work is expected to commence in April 2014.

12. The window replacement programme for the current year included 249 homes. This work has gone through a joint tendering process in partnership with LES to identify a preferred provider and has now concluded with Anglian Windows being awarded the work. Installations will be commencing in February 2014, with delivery continuing into 2014/15. LES have made good progress with the enabling works in advance of the window contractor commencing on site. The estates that will receive replacement windows in 2013/14 are shown in Appendix 2. The window programme for 2014/15 is the subject of a separate report to this committee but the expectation is that delivery will be commence directly following the completion of the current programme.

Other schemes in progress

13. In addition the following schemes are currently in the Capital programme;
- Remote door entry and CCTV - discussions are being held with the Council regarding the prioritisation of this work.
 - Tunstall Carecall Scheme – Works to upgrade the system in 389 properties were completed September 2013
 - Communal Electric upgrades – At the end of December, one block had been completed at Barnes Close, with a further two blocks in progress. The fourth and final block, Sydney Court commenced on 10 February 2014. In addition, work has been carried out at Regent Court to improve communal lighting and fire alarm installation. Crowhall Towers was a block that was due to have both the communal and flat electrics upgraded in 2013/14 but a decision was taken in partnership with the Council to defer this work until 2014/15 to tie in with a potential energy efficiency scheme that is being developed for the block.
 - Energy Company Obligation Works - A two year External Wall Insulation (EWI) programme to 631 properties is currently in progress. Located mainly on the Leam Lane estate, this scheme commenced during the third quarter. The works are to non-traditional house types that are known to provide poor energy efficiency and contribute to high fuel bills for customers. The £4.5M programme is substantially grant funded was procured in partnership with the Home Group, with their properties receiving similar works using the same contracting and management resources. In addition to the insulation works to TGHC managed properties, will see 30 properties receive boiler replacements and 162 properties receive windows. This will improve the SAP ratings for the harder to heat homes and reduce fuel poverty. Works commenced 21 October 2013 with 65 properties in progress by the end of quarter 3.
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 and it was agreed with Gateshead Council that this funding could be carried into the 2013/14capital programme to supplement this scheme.
15. At the end of December a figure of approx. £2million has been estimated on the value of planned capital works that will continue to be delivered into the following financial year. Work is under way to ensure this work is delivered concurrently with planned works for 2014/15.

Links to Values

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

Impact on tenants

17. 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.
18. The insulation works being undertaken to 631 properties will improve the SAP ratings for the harder to heat homes and reduce fuel poverty.
19. 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 end of December show that 97.92% of customers are satisfied with the improvements.
20. Customers will benefit from the Equality Act works improving entrance access and toilet facilities to communal areas.
21. 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

22. 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

23. Through the Maintaining Decency and EWI schemes more than 300 properties that have the oldest most inefficient heating systems will receive replacement boilers this year. The EWI scheme to 631 harder to heat properties along with window replacement works will reduce substantial carbon emissions through reductions of heating usage.

Risk Management Implications

24. 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.

25. 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

26. 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.

Equality and Diversity Implications

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

Value for Money Implications

28. Value for money is a key driver 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 were held for residents living in multi-storey blocks so they could find out more about the works.
 - Regent Court Sprinkler System – information events were held for all residents living in the block prior to the work being carried out
 - Pleasant Place - residents meetings were held relating to the lift replacement works.
 - Ward Councillors have been updated and advised of the Capital scheme proposals in their wards.
 - EWI – Ward members were consulted and updated prior to these works commencing

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 December

HRA Capital Programme 2013/14						
Category	Project	12/13 Slippage£ ,000	13/14 Original Budget £,000	Total 13/14 Funding £,000	Spend to 31 Dec 2013 £,000	Quarter 3 Revised Budget £,000
Health and Safety	Lift Replacement/Refurbishment	74	500	574	373	821
	Replacement of Communal Electrics	93	250	343	311	617
	Equality Act Works - Multi Storey Flats	250	250	500	20	182
	Equality Act Works - Communal Lounges	97	100	197	26	427
	Fire Safety Works to Multi Storey Flats	792	0	792	372	601
	Fire Safety Works to Sheltered Schemes	492	0	492	181	507
		1,798	1,100	2,898	1,283	3,155
Contractual	Programme Maintenance	0	1,000	1,000	583	1,000
Obligations	Strategic Maintenance	0	1,500	1,500	1,500	1,500
		0	2,500	2,500	2,083	2,500
Maintaining Decency	Maintaining Decency	3,285	6,930	10,215	6,915	10,506
Estate Regeneration	Chandless Demolition	0	350	350	162	344
	Dunston Achieving the Vision	0	0	0	6	6
	Clasper Village	0	555	555	230	555
	Bleach Green	0	390	390	268	390
	Flowershow Field	0	19	19	23	19
	Older Persons	87	200	287	75	287
		87	1,514	1,601	764	1,601
Other Priorities	One Off Heating Replacements	418	500	918	353	698
	Warden Call	-20	250	230	181	189
	Window Replacement	232	500	732	148	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
		730	1,250	1,980	1,491	2,875
	Total TGHC Capital Programme 13/14	5,900	13,294	19,194	12,536	20,637

Appendix 2

Project	Revised Capital Programme 2014 - 2019					TOTAL (£'000)
	2014/15 (£'000)	2015/16 (£'000)	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	
Lift replacement / refurbishment	500	500	500	500	500	2,500
Replacement of Communal Electrics	550	250	250	250	250	1,550
Equality Act works - Multi-storey flats	400	250	250	250	250	1,400
Equality Act works - Communal Lounges	100	100	100	-	-	300
Adaptations	1,500	1,500	1,500	1,500	1,500	7,500
Fire Safety - Sheltered Schemes	-	-	-	-	-	-
Fire Safety & Equality Act Works	-	-	-	-	-	-
Total Health & Safety	3,050	2,600	2,600	2,500	2,500	13,250
Programme Management	1,000	1,000	1,000	1,000	1,000	5,000
Strategic Maintenance	2,000	2,000	2,000	2,000	2,000	10,000
Maintaining Decency	9,200	7,370	15,400	18,000	18,000	67,970
Total Maintaining Decent Homes	12,200	10,370	18,400	21,000	21,000	82,970
Chandless Demolition	1,200	100	-	-	-	1,300
Dunston Achieving the vision	100	1,100	-	-	-	1,200
Clasper Village	1,450	-	-	-	-	1,450
Bleach Green	900	1,000	-	-	-	1,900
Older Persons Strategy - Phase 2	200	200	200	-	-	600
Brandling	-	-	-	-	-	-
Total Estate Regeneration Schemes	3,850	2,400	200	0	0	6,450
One off Heating Replacements	750	750	750	750	750	3,750
Warden Call	250	250	250	-	-	750
Window Replacement	1,250	1,000	1,000	1,000	1,000	5,250
New Build (Rounds 1 & 2)	-	-	-	-	-	-
Energy Schemes - High Fell & ECO Windows	-	-	-	-	-	-
Total Other Priorities	2,250	2,000	2,000	1,750	1,750	9,750
TOTAL CAPITAL INVESTMENT	21,350	17,370	23,200	25,250	25,250	112,420

Window Replacement Programme Years 1 to 2

Estate	Ward(s)	
		With Timber Windows
Completed replacement		
Year 1 2012/13		
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
		185
Programmed		
Year 2 2013/14		
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
		249