



## Report to Assets, Development and Investment Committee

19 June 2014

**Title:** Capital Programme

**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 the year end 2013/14 and to update on the proposed programme for 2014/15.

### Background

2. As reported to this committee in February, a revised Capital Programme for the next five years was approved by Gateshead Council on 6 February this year which included some changes to budget allocation for the financial year 2014/15. 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 in 2013/14 year and an additional £0.5million in the window replacement budget which will accelerate the programme going forward.
3. The programme for the current year is attached as an appendix to this report and reflects these changes. It also includes budget provision for schemes that were commenced towards the end of 2013/14 but for which delivery continued into the year 2014/15. The budget has been approved by the Council's Capital Finance team.
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 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 – Summary

5. Since the completion of the Decent Homes programme, 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.

6. A summary of performance at the end of the final quarter in 2013/14 is given below and broken down by the various budget headings:-

Health and Statutory Obligations

- Nine lifts were identified as needing to be replaced in 2013/14. By the end of the year, work had been completed on 7 lifts. 3 at the Barnes Close blocks and the 3 Pleasant Place Sheltered Schemes. Park, Peareth and Priory Court were all started and Peareth was completed on 28<sup>th</sup> March. Park subsequently completed 8<sup>th</sup> May and Priory is due to complete in June 2014. A further lift refurbishment at St Cuthbert's Court started March 2014 and finished 15<sup>th</sup> April 2014.
- Fire Safety Works to Sheltered Housing schemes have almost completed. There was some residual signage and completion of the electrical upgrades.
- Fire Safety works to Multi storey flats – All works to multi- storey flats were concluded during 2012/13 and Final Completion Certification is still being progressed and any residual defects corrected. The sprinkler installation at Regent Court was completed in October. Access was granted to the one flat that had been outstanding during April and the system has been commissioned and is fully operational with customer satisfaction on the scheme being 98.2%.
- Equality Act works to communal lounges –12 schemes were programmed to receive works this year and all were completed at the year end. These works were developed in consultation with the Councils Design services and primarily have improved entranceways and toilet facilities.
- Equality Act works to Multi story flats – Physical works did not take place during 2013/14 with the majority of spend being on audits and design fees on 9 blocks with a further 4 pending. Estimates for works have been returned on 6 blocks and these will be delivered as a rolling programme of works commencing in 2014/15.

Maintaining Decency

7. 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.
8. Reserve schemes were introduced in the final quarter comprising of approx. 450 additional properties across 4 estates. This was to compensate for properties that had either dropped out of the original programme or where following surveys the works were not deemed necessary. At the year end 1,753 properties had received measures.
9. The properties that were not completed at year end continued to be delivered into the current delivery year with the budget being carried forward. This is shown in the attached appendix.

10. 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.
11. Following the procurement of a Window firm in late 2013, delivery commenced in February and continued into the current year. The additional budget provision that has been agreed will see continuous delivery throughout 2014/15 with an estimated 700 properties benefiting from replacement windows.

#### Other schemes

12. In addition the following schemes are currently in the Capital programme;
  - Tunstall Carecall Scheme – Works to upgrade the system in 389 properties were completed September 2013
  - Communal Electric upgrades – At the year end 2 blocks had been completed at Barnes Close. Adelaide Court finished in May 2014. The fourth and final block, Sydney Court commencing on 10 February 2014 and carrying forward into the current year. St Cuthbert's Court is the next block that is due to receive electrical works and will be delivered following the completion of Sydney Court. In addition, work was carried out at Regent Court to improve communal lighting and fire alarm installation.
  - Energy Efficiency Works - A programme of External Wall Insulation (EWI) works mobilised in December 2013 and 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. Following announcements in the Autumn statement, the original funding rates for this work have been reduced but work is ongoing to consider alternate funding options to conclude works in this initial phase and potentially expand the works to other non-traditional properties across the Borough.

#### **Capital Provision 2014/15**

13. At the year-end, £2.75 million was carried forward into the current year's budget to support delivery of planned works that had commenced in 2013/14. This amount was approved by the Council's Capital finance team and is reflected in the appendix to this report. The total projected budget for Capital Investment works being managed by TGHC within 2014/15 is currently £16.235 million.

#### **Links to Values**

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

#### **Impact on tenants**

15. 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 year end showed that 98.14% of customers are satisfied with the improvements.

16. Customers will benefit from the Equality Act works improving entrance access and toilet facilities to communal areas.

### **Health Implications**

17. 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**

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

### **Risk Management Implications**

19. 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.
20. The fire safety works that have been delivered 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**

21. 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**

22. The Equality Act works delivered have improved accessibility to 7 sheltered blocks. Measures include improved entranceways as well as DDA compliant toilet facilities

### **Value for Money Implications**

23. 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**

24. Consultation has been carried out for:-

- Maintaining Decency – drop in events are 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 and sheltered schemes 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**

25. Future reports will be brought to committee on progress against the 2014/15 delivery programme. The views of the committee are sought on:

- satisfaction with the yearend update for the 2013/14 programme
- the proposed programme for 2014/15

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Contact: Phil Gallagher, Head of Investment and Development Tel No: (0191) 433 5451

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Appendix 1 - 2014/15 Housing Capital Programme

HRA Capital Programme 2014/15

Category	Project	13/14 Slippage	14/15 Original Budget	Total 14/15 Funding	Quarter 1 Revised Budget
<b>Health and Safety</b>	Lift Replacement/Refurbishment	0	500	500	509
	Replacement of Communal Electrics	350	200	550	544
	Equality Act Works - Multi Storey Flats	150	250	400	415
	Equality Act Works - Communal Lounges	0	110	110	121
	Fire Safety Works to Multi Storey Flats	0	25	25	23
	Fire Safety Works to Sheltered Schemes	0	100	100	99
			<b>500</b>	<b>1,185</b>	<b>1,685</b>
<b>Contractual</b>	Programme Maintenance	0	1,000	1,000	1,000
<b>Obligations</b>	Strategic Maintenance	0	2,100	2,100	2,100
		<b>0</b>	<b>3,100</b>	<b>3,100</b>	<b>3,100</b>
<b>Maintaining Decency</b>	Maintaining Decency	<b>2,000</b>	<b>7,200</b>	<b>9,200</b>	<b>9,203</b>
<b>Other Priorities</b>	One Off Heating Replacements	0	750	750	750
	Warden Call	0	250	250	250
	Window Replacement	250	1,000	1,250	1,221
		<b>250</b>	<b>2,000</b>	<b>2,250</b>	<b>2,221</b>
	<b>Total TGHC Cap Prog 14/15 (excl Est Regen)</b>	<b>2,750</b>	<b>13,485</b>	<b>16,235</b>	<b>16,235</b>
<b>Estate Regeneration (TGHC Only)</b>	Chandless Demolition	0	1,150	1,150	0
	Dunston Achieving the Vision	0	150	150	0
	Clasper Village	0	1,450	1,450	120
	Bleach Green	0	900	900	120
	Older Persons	0	305	305	60
		<b>0</b>	<b>3,955</b>	<b>3,955</b>	<b>300</b>
	<b>Total TGHC Cap Prog 14/15 (incl Est Regen)</b>	<b>2,750</b>	<b>17,440</b>	<b>20,190</b>	<b>16,535</b>