



Report to Assets, Development and Investment Committee

16 October 2014

Title: Capital Programme 2014-15

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 2014/15.

Background

2. The Capital Programme for the period 2014-2019 was approved by Cabinet on 6 February 2014. The programme for the current year is attached as an appendix to this report and incorporates all current planned investment schemes being delivered.
3. 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).
4. The Board recently approved an exercise to refresh stock condition information, to ensure asset data accurately reflects the investment needs of the stock. This exercise to give a revised baseline position will be undertaken by an external partner and supplemented by an ongoing programme of stock condition surveys. The scope of the work will focus on all aspects of investment, crucially looking at areas that were not included within the decent homes programme and that are impacting on estate and tenancy sustainability.
5. The project will assist with the further development of a new asset strategy and will look to capture investment priorities that will re-shape the capital programme over the next five years and inform decisions and assumptions in the Housing revenue Account (HRA) 30 year plan.

2014/15 Capital Programme

6. The headline budgets within the capital programme are listed in the appendix to this report. Maintaining Decency represents the single largest area of capital investment.

7. 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. Typically this has included bathroom and kitchen replacements, boiler and heating distribution systems and electrical upgrades.
8. A summary of performance at the end of the second quarter is given below and broken down by the various budget headings:-

Health and Statutory Obligations

- Based on maintenance reports and recommendations from insurance inspections, lift replacement works were identified as being necessary at Park, Peareth and Priory Court. Works commenced during 2013/14 and all of these blocks were completed in the first half of this year. The replacement of two lifts at Eslington Court is currently in progress. In addition, part of the budget this year has been used to procure an external consultant to produce a standard specification for lift upgrades going forward and to prioritise future programmes.
- Communal Electric upgrades commenced at the four Australia blocks during 2013/14 and spanned into the current financial year. The final block to receive works was Sydney Court and this concluded in July. The next block to receive works is St Cuthberts Court with works commencing on 13th October 2014.
- Equality Act works to seven communal lounges in sheltered schemes are to be delivered this year and at the end of September, three schemes had completed (Crocus Court, West Acres and Kay's Cottages) with the remainder programmed in throughout the rest of this year. The works are expected to complete prior to the end of March.
- Equality Act works to multi story flats – A rolling programme of works to multi story blocks are under way. Six blocks are programmed to receive works this year with two practically complete at Barford and Stretford Court, and a third on site (Crowhall Towers). The remaining three blocks are programmed in throughout the rest of this financial year and are expected to complete before the end of March.
- Fire Safety Works – Residual signage and alarm works to be completed at sheltered schemes following delivery of main fire safety measures during previous years.

Maintaining Decency

9. The Maintaining Decency programme for 2014/15 comprised initially of works to approximately 1000 properties. Covering individual elements such as re-wiring, boiler replacement, kitchen replacements and bathroom renewals. During the first quarter works were underway on estates from the previous year with the 2014/15 programme commencing in June.
10. Following validation surveys, the number of properties and extent of works is subject to change. Throughout the year some works will be deemed not

necessary and conversely additional elements may be identified following a survey. Over the last two years there has been a trend of around 20% variance in planned works and this year the maintaining decency programme was over programmed to reflect this.

11. As of the end of August, 167 properties had been opened up with works complete to 116 of them. Progress against the programme is reviewed monthly through both progress and operational meetings with LES and additional reserve schemes have been identified which can be released for delivery subject to available budget. Should there be no requirement to release further schemes, these reserve estate will be included in the following years programme.
12. The stock condition exercise will help to inform the approach to maintaining decency and assist in prioritising future investment works programmes.
13. In relation to the window replacement programme, 654 properties are due to receive works this year and at the end of August 295 had been completed. It is anticipated that this work will complete within the current year and the estates to be included in the following years scheme are currently being identified and will follow on from this year without any break in delivery.

Other Priorities

14. In addition the following schemes are currently in the Capital programme;
 - Tunstall Carecall Scheme – 20 schemes will be receiving upgrades to the Carecall system during this year with an estimated completion of all works by December.
 - One off heating Replacements – Although delivered as a responsive programme through the repairs partner, these works are funded through the capital budget. At the end of September around £342,000 of works had been delivered against a budget of £750,000. The expectation is that this budget will spend by the end of the year with a higher number of appliances tending to fail during the winter months.
 - Energy Efficiency Works - A programme of External Wall Insulation (EWI) works mobilised in December 2013 and continued to be progressed during the first part of this financial year, despite a reduction in external funding being announced in March 2014.

Regrettably a number of properties that had been identified to receive works have had to be deferred as attempts to source alternate funding have not been successful at this time. The works are to non-traditional house types that are known to provide poor energy efficiency and contribute to high fuel bills for customers. These works are a priority and will feature in future capital schemes and wherever possible the works will be supplemented by external funding.

15. At the end of the second quarter around 40% of the capital budget had been spent with works progressing well on all schemes. Work to develop the 2015/16 capital programme is currently under way and current delivery will continue to be closely monitored.

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

Health Implications

20. The improvement works detailed in this report, will have a significant impact on the health and wellbeing of customers, in particular works to improve the thermal efficiency of properties through window replacements and insulation works.

Environmental Implications

21. Through the maintaining decency programme and the one off heating replacement works, properties that have the oldest most inefficient heating systems will receive replacement boilers this year. The EWI works carried out this year to harder to heat properties along with window replacement works will reduce substantial carbon emissions through reductions of heating usage.

Risk Management Implications

22. 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.
23. The fire safety works that have been delivered to date have addressed deficiencies that were identified by officers from TGHC and the Tyne and Wear Fire and Rescue Service (TWFRS) and will mitigate risks in properties occupied by some of our most vulnerable customers. We work closely with TWFRS and are currently in discussion with them about potential preventative measures to include in future capital schemes.

Financial Implications

24. 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

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

Value for Money Implications

26. 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

27. Consultation has been carried out for:-
- Maintaining Decency – drop in events are held for residents whose homes are due heating or kitchen replacement.
 - Residents meetings have been held relating to lift replacement works.
 - Works within Sheltered Schemes are communicated to residents prior to schemes commencing with an opportunity for them to ask questions.
 - 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 and have been kept informed of the changes throughout the scheme.

Recommendation

28. The views of the committee are sought on satisfaction with the 6 month position update in relation to the Capital Programme.

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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 2 Revised Budget	Spend At End Of September
Health and Safety	Lift Replacement/Refurbishment	0	500	500	505	225
	Replacement of Communal Electrics	350	200	550	332	149
	Equality Act Works - Multi Storey Flats	150	250	400	416	24
	Equality Act Works - Communal Lounges	0	110	110	117	64
	Fire Safety Works to Multi Storey Flats	0	25	25	23	0
	Fire Safety Works to Sheltered Schemes	0	100	100	99	0
			500	1,185	1,685	1,492
Contractual	Programme Maintenance	0	1,000	1,000	1,000	500
Obligations	Strategic Maintenance	0	2,100	2,100	2,100	578
		0	3,100	3,100	3,100	1078
Maintaining Decency	Maintaining Decency	2,000	7,200	9,200	9,373	4080
Other Priorities	One Off Heating Replacements	0	750	750	750	342
	Warden Call	0	250	250	249	0
	Window Replacement	250	1,000	1,250	1,271	454
		250	2,000	2,250	2,270	796
	Total TGHC Cap Prog 14/15 (excl Est Regen)	2,750	13,485	16,235	16,235	6,416