

REGENERATION, COMMUNITY AND CULTURE OVERVIEW AND SCRUTINY COMMITTEE

31 JANUARY 2013

HOUSING PLANNED MAINTENANCE PROGRAMME UPDATE REPORT

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Summary

This report provides an update to the information submitted on the 13 December 2012.

1. Budget and Policy Framework

- 1.1 The Housing Capital Programme is funded from the Housing Revenue Account.
- 1.2 The budget for the current year was approved by full Council on 23 February 2012.

2. Background

- 2.1 At its meeting on the 13 December 2012 the committee requested further information on the current financial position of the Housing Planned Maintenance Programme 2012/1013 with particular regard to the average cost for each of the works completed to date.

3. Update

- 3.1 Since the last report officers have met with two Members of the committee to address the concerns that were raised at the meeting. Officers were able to clarify the procedures and processes in place for delivering the capital programme and achieving best value.
- 3.2 In particular the figures presented within the appendix of the previous report presented on the 13 December 2012 showed the invoiced spend as taken from Integra, the Council's financial management system. This table has now been revised, as attached at Appendix 1, to show the actual commitments as opposed to the amount invoiced together with the current

actual average cost for each type of work. Consequently officers can confirm the average unit cost for works remains within or very close to the budgeted levels. For example, the actual average costs for both kitchens and bathrooms are below the budgeted target figures. To improve on bridging the discrepancy between Integra and the commitments made not yet showing on Integra, officers are looking to integrate their systems onto Integra for the start of the 2013/14 programme.

- 3.3 Officers can also reassure Members that through its competitive tendering processes, the Council is receiving good value for money for the capital programme of works being undertaken annually to the Council's housing stock. In addition, prior to tendering the works and instructing contractors, a scoping survey is undertaken by an independent surveyor, which ensures only the necessary works are specified. Once instructed, the works are independently monitored for quality and are not signed off until satisfactorily completed. The invoices are then checked and verified before payment is made.
- 3.4 Members will note that the schedule of capital projects, as attached, has been updated to reflect the additional works that have taken place since the committee's last meeting.

4. Risk management

- 4.1 Detailed below are the main risks and mitigations for delivery of the capital programme.

Risk	Description	Action to avoid or mitigate risk
Programme	Delays to the programme due to Section 20 or party wall requirements, in particular when Section 20 is challenged by leaseholders	<ul style="list-style-type: none"> • Work with Legal to ensure notices issued in good time • If delays look likely, bring forward properties that don't have leaseholders and re-programme works that do to ensure delivery targets met.
Programme	Delays in programme or not being able to meet delivery targets due to tenants refusing access	<ul style="list-style-type: none"> • Improved and more robust procedures and liaison with Housing Officers to significantly reduce the numbers of no access • Backfilling any shortfalls with other backlog properties or properties referred

Cost	Over or under spend of budget	<ul style="list-style-type: none"> • Ongoing monitoring of expenditure and programme by officers. • Monthly client reviews and quarterly reviews with Corporate Finance. • Tendering of works not covered by responsive "Schedule of Rates" codes
Cost	Unnecessary expenditure replacing elements that have a number of years of remaining life or could significantly extend the extend their life with minor repair	<ul style="list-style-type: none"> • Carry out validation and scoping surveys on all works where the Council do not have up to date information
Quality	Unacceptable quality of finished work due poor workmanship or inappropriate specification	<ul style="list-style-type: none"> • Works checked by Clerk of Works • Regular updates, monitoring and review through progress meetings • Carry out all appropriate surveys to ensure specification for works is appropriate

5. Financial and legal implications

- 5.1 All works are procured via the appropriate procurement procedures, competitive tendering or are covered by the agreed schedule of rates. In respect of the Decent Homes works (internal works - kitchens bathrooms and doors) Mears offered the original discounts with just an inflationary uplift for this year after no uplift being applied for the previous two years.
- 5.2 Under the old subsidy system the Housing Revenue Account (HRA) capital programme was funded by a major repairs allowance (MRA) which was supplied to Medway by the Department of Communities and Local Government and charged to the HRA instead of the true depreciation cost. The MRA was then used to fund the HRA capital programme. Under the new HRA self financing regulations the MRA will be replaced with the true depreciation cost with a five year transitional period
- 5.3 The 2012/13 HRA planned maintenance capital programme is funded as follows:

	£ million's
Major Repairs Allowance (supplied as part of the self financing settlement)	2.965
Additional contribution from Reserves	1.800
Budget roll forward from the 11-12 capital programme	0.292
Total	5.057

7. Recommendations

7.1 That Members note the contents of this report and progress made to date.

Lead officer contact

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Background papers

None.

HRA Capital Programme 2012/13 - Update to 12th December 2012

	Work Type	Current Budget (£)	Budgeted average cost per property or block (£)	Budgeted number of properties or blocks	No. of units completed	Percentage of units completed	Total value of work spent & committed paid to date on Integra (£)	Total value of work paid or committed to date by instruction to contractors (£)	Current actual average cost (£)	2012-13 Predicted Outturn (£)	Variance (Predicted Outturn to Budget) (£)	Notes
1	Bathroom & WC	278,077	2,280	122	108	89%	137,750	238,071	2,204	278,077	0	
2	Kitchens	695,019	3,539	196	218	111%	540,486	735,914	3,376	735,914	40,895	Increase in numbers due to referrals from responsive team, where kitchens not on the original programme have been found to be beyond economic repair
3	Front Door	147,000	1,210	121	97	80%	88,366	115,951	1,195	147,000	0	
4	Back Door	70,000	617	113	78	69%	34,034	46,347	594	70,000	0	
5	Patio Doors	18,000	1,200	15	5	33%	9,125	5,625	1,125	18,000	0	Incorrect coding on Integra
6	Door Entry	155,000	25,500	6	1	16%	16,379	16,379	16,379	155,000	0	
7	Boilers	302,800	2,184	139	115	83%	172,344	247,326	2,151	302,800	0	
8	Communal Boilers	165,000	107,500	2	2	100%	123,528	126,695	63,348	145,000	(20,000)	Tender received at a lower estimated.
9	Mains operated smoke detectors	45,333	189	240	240	100%	0	0	0	45,333	0	
10	Carbon monoxide detectors	19,254	32	602	298	50%	4,143	9,660	32	19,254	0	
11	Electrical testing	14,000	67	209	119	57%	8,322	7,780	65	14,000	0	
12	Electrical repairs - general needs (GN)	150,000	450	333	160	48%	66,213	66,213	414	150,000	0	
13	Electrical repairs - communal and sheltered (C&S)	123,000	1,266	97	97	100%	0	0	0	123,000	0	
14	Electrical testing (C&S)	21,000	214	98	40	41%	3,844	15,000	375	21,000	0	Note the average cost is distorted by the figures for Sheltered schemes which is approximately £1000 per site and are complete
15	Asbestos survey & samples (GN)	102,000	190	537	296	55%	56,678	56,678	191	102,000	0	
16	Pitched roof works	316,300	6,326	50	0	0%	0	0		316,300	0	
17	Flat roof works	698,401	174,600	4	0	0%	107,282	107,282		598,401	(100,000)	1 roof is expected to be completed 13/14
18	Fascia, soffits and gutters	39,085	1,629	24	0	0%	0	0		39,085	0	
21	Energy Grant attendances	25,000					0	0		15,000	(10,000)	Tender received at a lower estimated.
22	Environmental Improvements	150,000					75,915	75,915		150,000	0	
24	PMP Windows	20,000					0	0		0	(20,000)	
25	Brennan Windows	65,000					62,188	62,188		65,000	0	
26	Fire risk assessment works	105,000					7,776	7,776		105,000	0	
27	Asbestos removal works	90,815					42,263	42,263		90,815	0	
28	DDA works	175,000					18,001	18,001		175,000	0	
29	Water treatment	10,000					280	280		10,000	0	
30	Lifts - major repairs	10,000					0	0		10,000	0	
31	Structural repairs	168,000					82,016	82,016		168,000	0	
32	Prior year asbestos survey and samples (C&S)	0					745	745		0	0	
33	External doors	0					(377)	(377)		0	0	
34	External Envelopes	0					8,136	8,136		0	0	Incorrect coding on Integra
36	Decent home works	0					0	0		0	0	
37	Void Capital Work	110,944					31,651	31,651		100,000	(10,944)	
38	Responsive repair capital work	70,000								70,000	0	
40	Asset Management Manager	45,000					61,485	61,485		45,000	0	Incorrect coding on Integra
41	Contingency	0					0	0		20,049	20,049	
42	Stock condition surveys	58,000	97	598	2	0%	100	100	50	58,000	0	
43	Scoping surveys	30,000	57	526	350	67%	0	17,540	50	30,000	0	
44	Management Fee	564,595					153,656	153,656		564,595	0	
	Capital programme totals	5,056,623		4,033	2,226	55%	1,912,328	2,356,296		4,956,623	(100,000)	