



CAERPHILLY HOMES TASK GROUP – 15TH FEBRUARY 2018

SUBJECT: RE-PROFILING OF WHQS PROGRAMME AND HRA CAPITAL PROGRAMME 2018/2019

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 This report provides members with proposals for re-profiling the WHQS programme with the aim of ensuring full compliance by 2020, prior to the report being considered by Policy and Scrutiny Resources Committee and thereafter Cabinet for approval.

2. SUMMARY

- 2.1 Whilst good progress has been made with the delivery of the programme during 2017/18, it has been necessary to review the programme to take account of changing circumstances to ensure full compliance by 2020. This report sets out the revised programme.
- 2.2 Following the Wales Audit Office Review conducted in April 2017, a commitment has been made to complete 40% of the external works and 75% of the internal works by March, 2018. At the time of writing this report 33% of external works had been completed and 70% of internal works. A further commitment has been made to WG that 80% of external and 94% of internal works would be completed by March 2019.
- 2.3 A separate programme of works was established for our sheltered housing schemes with agreement that both internal and external works would be undertaken by our in-house workforce. This work is on programme for completion by 2020 and is therefore not required to be re-profiled at this time.
- 2.4 The HRA Capital Programme budget has been revised based on accurate recent costs projected forward to the end of the programme. This data now replaces the previous Savill's estimates and demonstrates that the housing business plan and the WHQS programme remains financially viable.

3. LINKS TO STRATEGY

- 3.1 The delivery of the WHQS programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) Act 2015 which requires public bodies to work towards a shared vision comprising 7 goals and adopt the 5 "Ways of Working". The goals and the 5 Ways of Working will underpin the delivery of the programme and include planning and acting for the long term, integration, involvement, collaboration and prevention. The WHQS investment in Council homes to transform lives and communities is a Well Being Objective.
- 3.2 The Welsh Housing Quality Standard is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards. It is a Welsh Government requirement that the WHQS is achieved by 2020.

- 3.3 The Single Integrated Plan 2013-2017 has a priority to “improve standards of housing and communities, giving appropriate access to services across the County Borough”.

4. THE REPORT

- 4.1 In September 2012 an investment strategy was approved by the Caerphilly Homes Task Group/Cabinet Sub Committee which outlined how the WHQS Programme would be implemented on a community based approach over the period to 2019/20. The work is split between the in house work force and contractors and, with the exception of sheltered housing, there are separate sequences for internal and external works.
- 4.2 As a result of various setbacks which caused major slippage to the programme the investment strategy was reviewed and a revised programme was approved in March 2017. This formed the basis for the 2017/18 Capital Programme and 2017/18 works programme.
- 4.3 During the course of the programme there will inevitably be issues that will impact on its delivery given the volumes of properties and works involved. There are occasions where tenants are unable to proceed with the works due to a variety of reasons e.g. ill health, personal circumstances or simply they may not want the disruption that some of these works can cause. There have also been some issues in relation to contractor performance where outputs have not achieved the expected levels as well as encountering unforeseen additional work. These factors can all give rise to delays with the programme and subsequent slippage.
- 4.4 In addition in August 2017 one of our main internal works contractors (Contract Services) ceased trading. This has impacted on the progress of internal works in the Lower Rhymney Valley and therefore the future programme has been amended to take account of this.
- 4.5 Following a WAO Review of the WHQS programme, which was undertaken in April 2017, a commitment has been made to complete 75% of the internal works programme by March 2018 and at the time of preparing this report, completions are at 70%. Projections indicate that completions are still likely to be close to 75% target.
- 4.6 A stepped change has resulted in a significant improvement to the completion of external works. At 31st March 2017 completions were at 10% whereas currently this has increased to 33% with a target for the delivery of 40% by 31st March 2018.
- 4.7 In addition external improvements have also been undertaken to a number of our non-traditional housing which has included major structural changes to Precast Reinforced Concrete (PRC) properties, as well as energy efficiency improvements to no-fines concrete properties, over and above WHQS requirements.
- 4.8 Given the various delays and issues that have occurred over previous years, contingency arrangements have been put in place to increase momentum and to provide a safeguard for any unforeseen changes to ensure the programme continues to be deliverable.
- 4.9 Contingency arrangements include the implementation of a new Dynamic Purchasing System (DPS) which has provided a large list of approved contractors who can be utilised to tender for internal or external works throughout the borough.
- 4.10 The Private Sector Housing team continue to assist with the delivery programme by undertaking packages of external works which include leaseholder properties and the Housing Repair Operations team are also assisting with bespoke projects, e.g. door entry systems, fire doors as well as bringing void properties up to WHQS.
- 4.11 Following previous agreement for the work to our sheltered housing schemes to be undertaken by our own in-house workforce, good progress has been made with completion on track to meet programme targets.

- 4.12 Taking account of various factors impacting on the programme a revised property profile is shown in the table below, which includes the sheltered schemes and leasehold properties.
- 4.13 The property profile assumes that the number of properties for either internal or external works will be delivered in the year shown and provides the basis for planning. However the reality is that this will never be the case on the ground and adjustments will inevitably arise between the years for a variety of reasons. An overriding concern is to limit the amount of slippage as the scope to catch up in the last year is limited. Slippage has been assumed from 2017/18 and 'built in' to the forward work programme below:-

Revised Property Profile

Year	Internal Work	External Work
2018/19	2045	4328
2019/20	666	2165

- 4.14 The average rate of internal weekly completions for 2017/18 is consistent with performance for 2016/17 with approximately 44 per week up to week 36 of the programme. Officers are working closely with the contractors and in-house teams to maintain these high levels of productivity and further improve where possible without impacting on quality.
- 4.15 Members will be aware that one of our main internal contractors ceased trading in August 2017. Consideration has been given on how best to manage the workload that had been programmed for this contractor and taking feedback into account from members and tenants, it has been determined that much of this work could be undertaken by the in-house workforce.
- 4.16 The revised programme, therefore, allows for properties that are remaining in the LRV, which were originally planned to be undertaken by the external contractor, in 2017/18, to now be carried out by the in-house workforce during the 2018/19 financial year. Work allocated to the external contractor for 2018/19 can be packaged to create a number of smaller contracts which could be tendered for using the Dynamic Purchasing System. Therefore those properties originally programmed for 2018/19 will remain within this financial year.
- 4.17 Alternatively, consideration could also be given to rolling forward the properties that were planned to be undertaken by the external contractor during 2018/19 to 2019/20, whereby the in-house workforce would have capacity to undertake the work. The proposed programme, however, has been re-profiled based on works in the LRV being progressed by external contractors. With a significant reduction in the numbers of properties programmed for the final year there can be some confidence that the internal works can be completed by March 2020. In addition Welsh Government have confirmed that the deadline for achievement of WHQS is December 2020 which provides additional flexibility.
- 4.18 For external works the total property completions for 2016/17 amounted to 835. This was significantly short of the original target, so the slippage was brought forward and included in the 2017/18 target of 4,675. Despite significant improvements being made, it is anticipated that we will fall short of this target. A commitment was however made following the Wales Audit Office Review of the WHQS programme, that 40% of the external works would be completed by March 2018. This equates to a total of 4,328 properties which is on target to be delivered.
- 4.19 A further commitment was made to deliver 80% of the external works and 94% of internal works by March 2019 and this has been reflected in the table above and the re-profiled programme attached as Appendix 1.

- 4.20 The expenditure estimates in previous years have been derived from the Savills cost plan which was provided in 2008, based on a 15% stock condition survey. The programme provided in Appendix 1 is now based on more accurate costs, utilising average outturn costs from recent contracts and more up to date surveys. There will continue to be regular reviews of the cost plan based on trend data from valuations and tender prices. The latest assessment indicates that the programme currently remains within the limits of affordability set by the HRA business plan.
- 4.21 Energy efficiency measures continue to be explored and implemented where possible. Works are currently ongoing in Lansbury Park. These works will continue into 2018/19. There are indications that further funding assistance may become available which will be monitored and should suitable funding opportunities be identified applications for access to these funds will be made.
- 4.22 A copy of the sheltered housing programme has been provided in Appendix 2, although this remains unchanged.
- 4.23 Due to the ongoing variances to the budget a contingency sum has been included. Given the size of the programme and the unknown work content this contingency sum is a best assessment based on the knowledge to date.

5. WELLBEING OF FUTURE GENERATIONS

- 5.1 The delivery of the WHQS improvement programme is coterminous with the aims of the wellbeing of Future Generations (Wales) act 2015, in particular:-
- **Long Term:** the report includes the continued investment to achieve WHQS by 2020. This investment provides long term improvements to the property, community and to the tenants well being.
 - **Integration:** The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities.
 - **Involvement:** Tenants and local residents are being consulted on the proposed property improvements, environmental works along with various initiatives that are part of the WHQS programme delivery.
 - **Collaboration:** The programme delivery is focussed on internal collaboration, partnerships with suppliers and contractors, joint working with the community and various groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus and is clearly demonstrable within its delivery.
 - **Prevention:** The works to improve lives and communities will help tackle local unemployment. It will further improve the look and feel of the environment and help prevent antisocial behaviour.

6. EQUALITIES IMPLICATIONS

- 6.1 An EqIA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and for lower level or minor negative impact have been identified, therefore a full EqIA has not been carried out.
- 6.2 The implementation of the WHQS Programme will ensure compliance where appropriate with current Building Regulations and Equality Act requirements. The Council's procurement processes include equalities requirements and compliance by contractors undertaking WHQS work.

7. FINANCIAL IMPLICATIONS

- 7.1 The budget estimate for the overall programme for 2018/19 is £35m which is now based on a more accurate cost plan for external works and internal works. Work has been completed on assessing the actual outturn costs in place of Savills budget estimates and including an adjustment based on properties that are “previously achieved” or categorised as acceptable fails. This work has been developed and included in the reassessment of the budget cost plan and re-profiled WHQS programme.
- 7.2 Based on the budget estimate the works programme for 2018/19 will require an average expenditure for the direct works programme of approximately £700k per week.
- 7.3 Arbed grant funding is already being utilised at Lansbury Park in relation to EWI works. This grant assisted work will also be supported by WHQS funding to be extended into 2018/19 to transform the estate and contribute towards addressing fuel poverty. Further grant funding opportunities will be sought as opportunities arise for the benefit of our tenants and the housing stock.

8. PERSONNEL IMPLICATIONS

- 8.1 The timetable pressure is increasing and there has to be the capacity within the staff resources to cope with the volume of work. Staff movement and recruitment will continue to meet changing demand and risks to the programme.
- 8.2 A restructure of Caerphilly Homes is being progressed to improve integration in order to maximise the skills, experience and capacity within the service area to not only deliver the WHQS programme by 2020, but to also ensure the required resources are in place to continue to maintain the standard post 2020.
- 8.3 Elements of the programme have also been allocated to third parties as a means to spread the risk and create extra capacity. These relate to the HRA garages and the proposed re-modelling of a number of sheltered schemes allocated to Building Consultancy and the external works to various leaseholder properties throughout the authority being allocated to the Private Sector Housing Team.
- 8.4 A separate report will be provided on the Environmental Programme which is also being delivered with in-house support being provided by Grounds Maintenance and the Highways Operations Group.

9. CONSULTATIONS

- 9.1 Comments received have been taken into consideration within the report.

10. RECOMMENDATIONS

- 10.1 The CHTG note the contents of the report prior to the report being forwarded to the Policy and Resources Scrutiny Committee and Cabinet.
- 10.2 That members consider the options provided in items 4.15 and 4.16 of the report and make a recommendation for further consideration by Policy and Resources Scrutiny Committee and thereafter Cabinet.

11. REASON FOR RECOMMENDATIONS

- 11.1 To inform the Task Group of proposed changes to the WHQS Programme and the HRA Capital Programme.

12. STATUTORY POWER

- 12.1 Housing Acts 1985, 1996, 2004. This is a Cabinet function.

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Consultees:

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Appendices:

Appendix 1: Re-profiled Investment Strategy

Appendix 2: Sheltered Housing Programme