



CAERPHILLY HOMES TASK GROUP – 19TH MAY 2016

SUBJECT: WHQS PROGRAMME – 2015/16 OUTTURN

REPORT BY: CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

1.1 To outline progress with the WHQS Programme at the end of the 2015/16 financial year.

2. SUMMARY

2.1 During the course of 2015/16 1415 properties have benefitted from internal improvements. Eight external works contracts have reached practical completion relating to 203 properties in Markham, Argoed, Oakdale and Hengoed. The estimated outturn capital expenditure is circa £25m (the actual figure will be confirmed when the accounts are closed in May 2016). This figure is more than double the former housing capital programme that pre-dated the WHQS Programme.

2.2 There is a significant pipeline of external works already on the ground, at contract award stage or being tendered. Nevertheless the external works are a major risk area to the programme deadline of March 2020. There are also some major gaps in the contract arrangements relating to the external works in the Lower Rhymney Valley and the sheltered housing schemes where decisions are pending.

3. LINKS TO STRATEGY

3.1 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.

3.2 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”.

3.3 The Council’s Local Housing Strategy “People, Property, and Places” has the following aims:

“To provide good quality, well managed houses in communities where people want to live, and offer people housing choices which meet their needs and aspirations.”

4. THE REPORT

Internal Works

- 4.1 Internal works completions for 2015/16 are 1415 against a target of 1835, a performance of 77%. The slippage is due to a number of reasons including no access to properties, contractors under performance, capacity within the WHQS team to provide complete contract packages with adequate lead in periods, delays with external asbestos surveys, backlog of IT intervention plans. During the year there has been concerted effort to improve the position on a number of fronts. However the no access is a growing problem which represents around 40% of the slippage. There are landlord powers to enforce access to undertake repairs or improvements but this will trigger proceedings to seek repossession of the property. Following a review it has been determined that access for WHQS works will only be enforced in relation to rewires due to health and safety considerations. On the third attempt to gain access for other internal improvement works the tenant will be advised that if there is no response to the letter within a specific time it will be deemed as a tenant refusal. The intention is to remove the no access properties from the slippage figures at the year end so they do not distort the carried forward properties where works can be undertaken. The no access properties will be recorded in the database for future consideration which may be after 2020.
- 4.2 An additional 93 void properties have been brought up to WHQS internally by HRO prior to re-letting, improving the overall position for the year to 1508.
- 4.3 Performance against target for each of the individual contract arrangements is as follows:-

In house work force (all areas)	81%
Keepmoat (EV)	71%
Vinci (URV)	85%
Contract Services (LRV)	76%

The number of carried forward properties in 2016/17 for each of the contract arrangements is shown below:-

	Carried forward following adjustment for no access
In house workforce	154
Keepmoat	111
Vinci	2
Contract Services	46

- 4.4 Whilst the slippage situation needs to be minimised it is unlikely to be completely eradicated as there will always be issues affecting individual properties. Based on the performance levels achieved during 2015/16 there is sufficient flexibility to complete the internal works programme by March 2020. This is because the contractors' profiled numbers of properties only run to March 2019 so there is a year in hand.
- 4.5 The in house programme does include the financial year 2019/20. In order to complete all the programmed properties (although some will drop out due to no access) an average weekly completion rate of 14 will need to be sustained by the in house work force over the next 4 financial years. In the last few weeks the in house output has increased as a result of resources being redeployed from Rowan Place (as this is nearing completion) back to internal works. The weekly output will be closely monitored and if necessary alternative contract arrangements implemented to maintain progress to meet the deadline.
- 4.6 The carried forward properties from 2015/16 will be absorbed within the 2016/17 programme but the progress will be monitored and reported separately in the weekly performance table.

External Works

- 4.7 Seven small lots contracts in the Eastern Valleys from the 2014/15 financial year have reached practical completion. Two other contracts planned for the 2014/15 financial year in Markham and Argoed have only recently commenced and will be completed during the 2016/17 financial year. One other contract for 14 Unity bungalows in Hengoed (URV) has also reached practical completion. The outturn performance for 2015/16 is that external works have only been completed to 203 properties.
- 4.8 All contracts that form the planned 2015/16 programme will run on into the 2016/17 financial year. This includes small lots in Ynysddu, Pentwynmawr, Croespenmaen, Gelligroes and High Meadow (EV). Additional contracts at tender stage in the Eastern Valleys are for the Penllwyn and Springfield estates. Due to the estimated value of the works it was decided it would be more cost effective to tender each estate as a single contract rather than have a multiplicity of smaller contracts.
- 4.9 In the Upper Rhymney Valley (URV) contracts are tendered from a framework. Two contracts are on the ground in New Tredegar and Phillipstown. A further contract in Cefn Hengoed is due to commence in May 2016. Gelligaer, part of the 2015/16 programme, has still be to tendered. This has been deliberately held back to limit conflict with a separate contract awarded to Eon for external wall insulation to properties in Gelligaer and Pontlottyn. This contract has secured a limited amount of external funding under the Energy Company Obligation (ECO).
- 4.10 In the Lower Rhymney Valley (LRV) there are some residual external works in Greenfield, Nantddu and Heol Trecastell, mainly roofing and painting, which were started by the in house team prior to the redeployment to Rowan Place, which are in the process of being completed.
- 4.11 The Private Sector Housing Team has awarded two contracts at Bryn Awel and Bryn Heol, Bedwas for blocks of flats, and two more contracts at Bryn Canol and Bryn Fedw are at tender stage.
- 4.12 The first 2016/17 contract in the URV at Abertysswg is at award stage. Surveying is being progressed for other community areas in readiness to prepare contracts for the 2016/17 programme.
- 4.13 Although the external works programme has suffered a number of setbacks there is a significant volume of work in the pipeline. Delays were caused during 2015/16 as a consequence of decisions taken by the Project Board to review the external works specification due to concerns about escalating costs. This resulted in a number of areas having to be re-surveyed. It has also been necessary to respond to survey findings which in many circumstances are resulting in an increased amount of work beyond that anticipated based on the original Savills stock condition survey. In particular the prevalence of damp and mould is an increasing problem.
- 4.14 The external works are a major risk area to the programme deadline. The slippage will take time to be resolved and that will put extra pressure on delivering the 2016/17 programme. The ability to speed up the programme is constrained by the availability of resources. There are only so many contracts that can be managed at any one time by the existing team.
- 4.15 The HRA garage programme is being managed by Building Consultancy and a provisional timetable has been issued to complete all the remaining work by April 2017.

LRV and Sheltered Housing Schemes

- 4.16 There are two major gaps in the current contract arrangements. These relate to the external works in the LRV (including the Ty Sign and Cefn Fforest estates following a review of the small lots in the EV) and the sheltered housing schemes (internal and external works). The position is under review.

Environmental Programme

- 4.17 There have been ongoing discussions within the Project Board about how the environmental programme should be taken forward amidst concerns about deliverability. A new action plan and timetable is in preparation that will also address the delivery arrangements recognising the need for engagement with residents.

5. EQUALITIES IMPLICATIONS

- 5.1 An EqIA screening has not been undertaken as the report is for information.

6. FINANCIAL IMPLICATIONS

- 6.1 The capital budget for 2015/16 is £36.2m. A summary breakdown of expenditure is as follows (at period 11). This will be updated following the closure of accounts.

Internal Works	£
In House	4.7m
Keepmoat	4.2m
Vinci	1.9m
Contract Services	2.9m
External Works	£
All contracts	4.5m

- 6.2 With all other expenditure against the capital programme the cost incurred at period 11 is £22m. However £5.7m (26%) relates to 2014/15 contracts carried forward in 2015/16. It is projected that the outturn capital expenditure will be circa £25m resulting in an underspend of £11m (to be confirmed). The under-spend will be utilised to fund the future years programme.

7. PERSONNEL IMPLICATIONS

- 7.1 The volume of work and maintaining the pace is placing the WHQS team under pressure. Measures are currently being put in place to increase the output of external works surveys by overtime working on a Saturday morning. In addition the recruitment of additional agency surveyors is being pursued to generally assist in getting further ahead with specifying the work and scheduling contract packages. The target date of September 2018 has been set to complete all the internal and external works surveys. Agency cover is also being pursued for Assistant Project Managers to cover a post that will become vacant and to strengthen the external works team.
- 7.2 A review of the senior management within Caerphilly Homes has been initiated and this is likely to lead to further reviews of the delivery arrangements. Fundamentally there has to be the capacity to cope with the volume of work.
- 7.3 The in house work force numbers have fallen to 122 but they continue to be supported by sub contractors (circa 40 additional operatives).

7.4 Staff movement and recruitment issues will be a continuing risk to the delivery of the programme.

8. CONSULTATIONS

8.1 Comments received have been incorporated in the report.

9. RECOMMENDATIONS

9.1 The report is for information.

10. REASON FOR RECOMMENDATIONS

10.1 To appraise the Caerphilly Homes Task Group of the position with the WHQS Programme at the end of the 2015/16 financial year.

11. STATUTORY POWER

11.1 Housing Acts 1985, 1996, 2004, 2014.

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