

Housing Capital Programme Delivery Update

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Estates and Improvement

Housing

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Housing Capital Programme

- The purpose of this briefing is to provide TLP with a general overview of how the Housing Capital Programme is managed.
- A first-time financial update on spend and forecast in 2022/23 (Q1-Q3) is also included
- This briefing will cover the following themes:
 - Budget setting
 - Spend
 - Performance
 - Forecast
 - Monitoring and reporting
 - Managing risks

2022/23 Capital Delivery Programme

- The programme budget was set in January 2022 and confirmed at cabinet in March 2022
- Tenant & Leaseholders were consulted at a high level, on all workstream budgets in February 2022.
- Delivery of works is managed mainly by the Capital Delivery Service, Repairs, Compliance, Asset Management teams
- The programme is organised into are 8 work types, which consists of 43 delivery workstreams in total.
- The component replacement programmes are delivered by the term partnering contractors
- Majority of project and quotation based works delivered by partnering contracts as a D&B arrangement

Capital Programme Budget 2022/23

Work Type	Budget
General Build Works	£8,368,060
Electrical Works	£3,390,000
Mechanical Works	£1,600,000
Lift works	£465,000
Windows	£3,000,000
Compliance and Fire safety	£2,310,000
Staffing	£1,800,000
Other	£1,150,000
Total	£22,083,060

2022/23 Spend by category of works

Work Type	Budget	Spend per quarter			
		1	2	3	4
General Building Works	£8,368,060	£491,570.56	£2,114,741.14	£3,488,389.48	
Electrial Works	£3,390,000	£331,098.16	£1,069,748.31	£1,404,817.25	
Mechanical Works	£1,600,000	£287,725.72	£433,246.85	£769,882.13	
Lift Works	£465,000	£0.00	£1,924.28	£168,262.56	
Window	£3,000,000	£0.00	£260,800.75	£669,786.86	
Compliance & Fire Safety	£2,310,000	£35,797.44	£366,159.77	£467,512.93	
Staffing	£1,800,000	£59,351.55	£453,669.43	£76,065.64	
Other	£1,150,000	£549,224.61	£634,775.58	£994,309.17	
Subtotal		£1,754,768.04	£5,335,066.11	£8,039,026.02	
	£22,083,060				
Total		£15,128,860.17			

* Total excludes pending payments (certified not paid) £532,902

2022/23 Spend by workstream

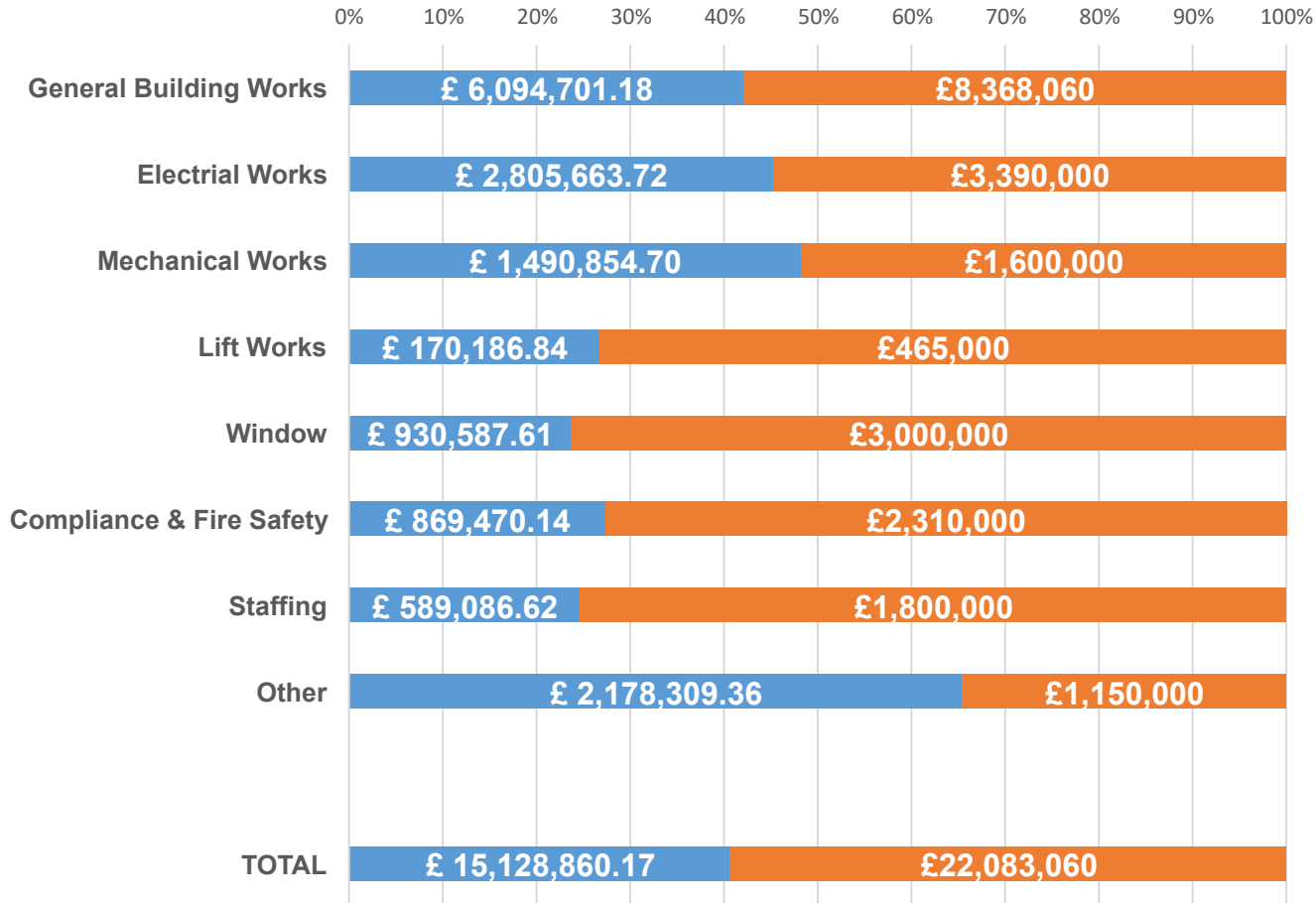
Scheme	Scheme Code	Budget	Value of orders raised	Current Spend	RAG Status (spend)
Communal Flooring	CCH116	£80,000.00	£47,758.00	£1,181.00	
Kitchen & Bathroom Extentions	CCH095	£300,000.00	£74,246.00	£50,236.00	
Kitchen & Bathroom Replacement	CCH033	£2,000,000.00	£2,042,895.00	£1,016,509.00	
Overheads.Prelims	CCH153	£614,170.00	£1,203,539.00	£802,359.00	
GBW Variable Profit	CCH153	£76,771.00	£0.00	£0.00	
Major Adaptations (MCL)	CCH030	£700,000.00	£1,007,551.00	£575,214.00	
Security Door Install	CCH032	£150,000.00	£87,832.00	£0.00	
SP College Green	CCH142	£495,000.00	£864,668.00	£410,057.00	
SP Dartmoth House	CCH152	£1,881,725.00	£2,935,583.00	£1,053,905.00	
SP Chertsey Crescent	CCH161	£532,394.00	£774,725.00	£404,419.00	
Subsidence	800464	£150,000.00	£210,475.00	£111,390.00	
Option Appraisal (Capital Team)	CCH068	£150,000.00	£120,976.00	£26,557.00	
Energy Performance	800345	£5,000.00	£23,709.00	£18,709.00	
Cold Water Tanks	CCH123	£83,000.00	£196,569.00	£121,109.00	
Conversions & Ext	CCH159	£150,000.00	£226,710.00	£24,809.00	
Roof Replacement	CCH106	£0.00	£189,996.00	£34,569.00	
Minor Estate Imps	CCH037	£0.00	£0.00	£0.00	
Sprinkler Programme	CCH163	£0.00	£33,149.00	£0.00	
Window Replacement	CCH148	£3,000,000.00	£3,015,102.00	£913,230.00	
Major Adaptations (Specialist suppliers)	CCH030	£300,000.00	£171,803.00	£92,840.00	
RRO & Fire Safety	CCH176	£500,000.00	£590,313.00	£556,343.00	
Subsidence	800361	£0.00	£97,150.00	£0.00	
M&E Comm Heating	CCH057	£300,000.00	£572,389.00	£350,468.00	
Central Heating	CCH026	£1,000,000.00	£1,500,675.00	£774,323.00	
Cold Water Pumps	CCH133	£0.00	£188,552.00	£73,383.00	
Central Heating	CCH092	£300,000.00	£304,212.00	£288,068.00	

2022/23 Spend by workstream (continued)

Scheme	Scheme Code	Budget	Value of orders raised	Current Spend	RAG Status (spend)
Pac Testing	CCH111	£10,000.00	£8,826.00	£8,826.00	
Rewire	CCH023	£1,000,000.00	£2,037,212.00	£1,471,892.00	
Lift Motor Room Imps	CCH039	£15,000.00	£7,760.00	£4,421.00	
Lift Refurbishment	CCH025	£450,000.00	£868,330.00	£165,766.00	
Replace Fire Alarms	CCH045	£920,000.00	£627,755.00	£79,586.00	
Lateral Mains	CCH179	£400,000.00	£1,132,945.00	£579,542.00	
Emergency Lighting	800465	£500,000.00	£1,014,696.00	£434,816.00	
Warden Alarms	800344	£300,000.00	£377,080.00	£222,639.00	
Storage Heaters	800367	£0.00	£258,362.00	£78,504.00	
Door Entry System	CCH035	£260,000.00	£742,602.00	£236,755.00	
Pest Control	CCH049	£150,000.00	£125,000.00	£73,954.00	
Option Appraisals (Assets Team)	CCH068	£200,000.00	£32,482.00	£29,082.00	
Capital Repairs Charges	CCH158	£500,000.00	£2,312,624.00	£1,733,805.00	
Asbestos Removal	800353	£200,000.00	£185,850.00	£110,175.00	
Flat Door Replacement	800350	£1,610,000.00	£1,034,211.00	£254,060.00	
Staff Cost	CCH104	£1,800,000.00	£1,800,000.00	£589,087.00	
Subtotals		£22,083,060.00	£30,076,023.00	£13,973,728.00	
Legacy				£1,155,132.00	
Certified not paid (pending payments)				£532,902.00	
Grand Total			£15,661,762.00		

Budget vs Spend: Performance (as of Q3)

2022/23 Capital Programme: Spend against Budget status



- Predominantly a component replacement programme
- Legacy payments have contributed to spend
- Back-loaded delivery programme eg, windows & K&B
- Lack of pre-packaged works/projects at start of year
- Fewer general and specialist suppliers increase risk of delivery eg, Fire safety, subsidence, capital voids & flat roofs
- Reported market challenges in the availability and increase cost of labour and materials
- Increase cost in capital repairs charges
- Support costs recharges are pending with finance
- Pending payments in system not accounted for
- Lack of in-house resources to manage works earlier in year

Forecast spend 2022/23

- Forecast spend for year end is £22,083m (spend to budget).
- To be achieved by a spend profile of approx. £2m spend in period 1, 2 and 3 (inc. Accruals)
- Top five work types with predicted spend for quarter 4 based on programmes and orders
 - electrical £1.2m approx
 - mechanical £110k approx
 - windows £1m approx
 - general build £2.5m approx
 - staff costs £1.2m approx.
- The programme includes an element of closely monitored over-programming orders set up to boost spend. Unspent orders are slipped into new year as part of 2023/24 programme budget

Monitoring and reporting

- Capital Programme is monitored by the Capital Delivery Service – through a dedicated monitoring officer supported by capital accountants
- Programme Assurance: Monthly programme review meetings held with workstream leads.
- The panel (Supported by the capital accountants (HRA/Corporate) objectively assess project performance, spend and risks
- Use of established contract meeting used to manage and understand spend, progress, performance and risks
- Regular review of cashflows/programmes with contractors to manage risk of under/overspend
- In Q4, additional assurance meetings with leads and suppliers are in place to manage commercial risks of over/underspend
- Use of bespoke highlight reporting monitoring tool
- Monthly reporting to a local board – Assets and Capital Board chaired by Director
- Planned reporting to DMT (from Q3 and 2023/24) from January thereafter monthly
- Monthly reporting to Corporate Board – chaired by Section 151 officer

Managing risks

- Commercial, technical, delivery and organisational risks are covered in the month programme review

Some of the risks which may be encountered:

- Commercial risks include: overspend, underspend, variations, changes in the market costs and out of date rates
- Technical risks include: Unplanned/unforeseen issues, asbestos, contaminated sites, H&S, complex specifications
- Delivery risks include: availability of materials & labour, pandemic, procurement and Weather/climate change
- Organisational risks include: changes in personnel, unskilled & inexperienced management teams, lack of professional services, lack of governance protocols

Future Capital program

- The HRA Business plan is currently being revised based upon information provided by the 5% stock condition survey completed at the end of 2022 by Savills.
- This plan set outs provisions for capital spend over the next 5 to 10 years, with a detailed plan for next financial year.
- We have commissioned a new stock condition survey which is due to start this calendar year, which will continue to improve the data that we have on our stock.
- This information will be used to update the HRA Business plan and inform the development of the Asset Management Strategy which will be undertaken with residents. This is due to be completed by the end of the calendar year.
- The new asset management strategy will inform future capital programs, therefore the focus for next years capital program will be on essential capital works, with the 2024/5 program being the first year of the new asset management plan (a transition year).
- This 2023/4 capital program will be shared for discussion with TLP shortly. Engagement with residents on specific schemes will be undertaken.

Thank you

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