



Report to:	STOCKPORT HOMES MEMBER COMMITTEE								
	04 July 2022								
Report of:	EXECUTIVE DIRECTOR OF OPERATIONS								
Contact Officer and contact details	Andrew Broadhurst, Project Manager 07875990093 andrew.broadhurst@stockporthomes.org								
Type of Report	Assurance								
Title of Report:	2021/22 CAPITAL PROGRAMME OUTTURN REPORT								
Purpose of Report:	To provide a summary of the 2021/22 Capital Programme.								
Recommendation(s):	That the Member Committee comment on and note the report.								
Confidentiality	Non Confidential								
Resource Implications	The 2021/22 Capital Programme has been delivered in accordance with the HRA Business Plan and SHG's Asset Management Strategy as agreed by SHG Board								
Impact on Risk Appetite and Risk Register	<p>SHG has a 'minimal' appetite for risk in relation to Reputation, Key Relationships and Decision Making, and so the successful and efficient delivery of the Capital Programme as a high profile activity for customers and stakeholder is vital to ensuring that relationships are maintained or enhanced.</p> <p>SHG also has an 'adverse' appetite for Health & Safety risks for customers and staff, and the Programme has been delivered in consultation with the Health & Safety Team to ensure that it is as safely as possible.</p> <table border="1"> <thead> <tr> <th>Risk Number</th> <th>Risk Description</th> <th>Risk Mitigation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>SHG is not able to meet the</td> <td>Building Safety (compliance) works</td> </tr> </tbody> </table>			Risk Number	Risk Description	Risk Mitigation	1	SHG is not able to meet the	Building Safety (compliance) works
Risk Number	Risk Description	Risk Mitigation							
1	SHG is not able to meet the	Building Safety (compliance) works							

		requirements of the new Building Safety legislation (delivery and cost	included within the 2022/23 Capital Programme.
	4	SHG is not able to meet the long term stock investment requirements of homes and neighbourhoods	The 2022/23 Capital Programme aligns with the 30-Year Asset Management Strategy and HRA Business Plan.
	5	SHG is unable to meet the GM Carbon reduction targets by 2038	Works around energy efficiency and flood resilience included in Capital Programme workstreams.
Customer Voice		The views of customers are sought throughout the delivery of the Programme, and levels of satisfaction remain high. A recent Customer Scrutiny Review of the process for gathering customer views was undertaken and it's anticipated that the recommendations will further enhance the opportunities for customers to provide their views.	
Equality, Diversity & Inclusion implications		Delivering a successful programme will ensure that homes can better meet the needs of all customers, including those with additional needs.	
Regulatory compliance		The successful delivery of the Capital Programme is a key mechanism for SHG to ensure that it is meeting its obligations under the Home Standard to provide good quality accommodation that meets the Decent Homes Standard.	
The Stockport Homes Monitoring Group discussed the report. The discussion covered:		<p>The Stockport Homes Monitoring Group discussed the report. The discussion covered:</p> <p>The Customers commended the work which Stockport Homes had carried out on the installation of new types of heating systems and fire safety doors.</p> <p>The Customers highlighted that it is clear that hard work and skilful management has ensured works programmes, which are clearly improving communities, have continued throughout trying times.</p>	

1 INTRODUCTION

- 1.1 During 2021/22, the Capital Investment Programme delivered a range of internal and external works to the housing portfolio and the external environment. The programmes of work were identified and delivered by the Asset Team to meet the long-term objectives of the Asset Management Strategy and provide high quality, sustainable homes for our customers.

The Capital Investment Programme for 2021/22 was approved by SHG Board on 15th March 2021. Key points from the programme include:

- Customer satisfaction achieved a year end cumulative figure of 99.82%.
- HRA expenditure of £15.029m against a budget of £17.541m.
- SHG owned stock expenditure of £60k against a budget of £181k.
- Significant social value achieved through the delivery of the programme throughout the year.

2 GLOBAL EVENTS

- 2.1 The majority of the Capital Programme has experienced varying levels of impact during 2021/22, due to global events such as Brexit, Covid 19 and the war in Ukraine. Projects have seen increased programme durations and the lack of availability of raw materials and skilled labour. Both Covid 19 and Brexit have disrupted supply chain logistics, and substantially increased material lead in times, resulting in some of the work streams being carried over into 2022/2023.
- 2.2 The impact of these global events has now filtered through to the supply chain. Our procurement partners are now seeing supply cost increases, such as plumbing materials (2.5%), roofing tiles (10%), boilers (8.5%) and electrical wiring and equipment (7.5%). The Investment Team and our partners will continue to monitor commodities and work with the supply chain to ensure value for money.
- 2.3 During 2021/22, the project team have seen a reduction in the availability of boilers, and significant delays in obtaining air source heat pump units.
- 2.4 The fire sprinkler programme has seen a 50% increase in material costs during the 4-year project, with the general construction industry seeing a rise in material costs every month between September 2020 and September 2021.

3 CAPITAL PROGRAMME DELIVERY

- 3.1 The Capital Investment Programme is managed by the Asset Team and delivered through a combination of Three Sixty and other external contractors. Support is provided by Corporate Finance for business accountancy.
- 3.2 SHG have adopted a 'Big Impact' approach which has been in place now for several years. This strategy was endorsed by the SHG Board and is based on the development of programmes which create efficiencies in delivery, by combining workstreams, providing a larger impact on customers' homes and neighbourhoods.

3.3 The 2021/22 Capital Programme continued the main themes which have been the focus for the past few years:

- Customer Safety & Building Safety (Compliance)
- Estate Regeneration
- Energy Efficiency/Carbon reduction and reducing Fuel Poverty

3.4 Examples of the 2021/22 Capital Programme outcomes can be seen in Appendix 1.

4 FIRE SAFETY

4.1 SHG continued to focus on programmes of work that improve fire safety within blocks. These are procured in consultation with the Building Safety Team, prior to their implementation. Examples of programmes are detailed below.

4.2 The team have completed the installation of 141 fire rated cross corridor doors to high rise blocks at Radnor, Beaver, Voewood, Heaton and Norris. The works have improved the compartmentation of the stairwells, providing safe access to customers in the event of a fire (should evacuation be required).

4.3 New fire rated flat entrance doors have been fitted to 119 properties at high rise blocks at Heaton and Norris. This has improved both customer security to their individual flats and fire compartmentation to the fire escape stairwells.

4.4 Sprinkler installations have continued throughout the 2021/22 Capital Programme. 20 high-rise blocks have now been commissioned, with the remaining 2 blocks (Heaton & Norris) following over the coming months.

4.5 The team have installed 1579 individual sprinkler systems (within flats), out of the 1718 required. The remaining 139 properties are a mixture of no access and refusals. The team have been working on a strategy to complete the remaining properties over a 5–10-year period, through the void process and exploring the use of Section 239 enforcement via SMBC legal service.

5 ESTATE REGENERATION

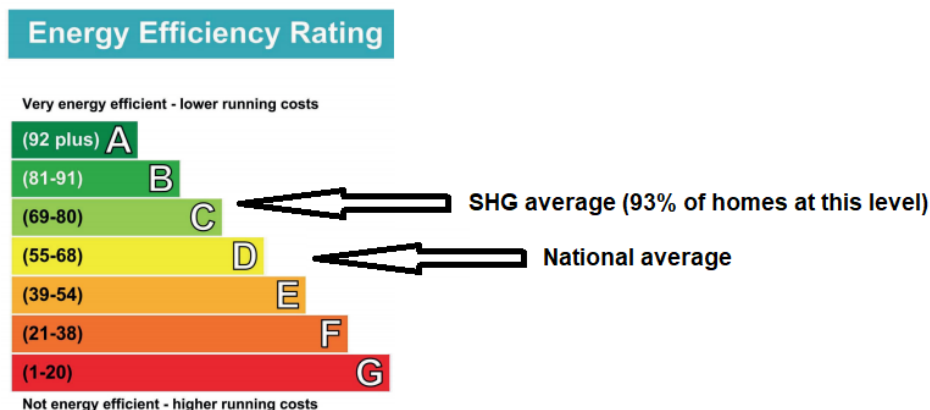
5.1 In line with the Big Impact approach and in order to achieve value for money and maximise impact, where applicable; works are undertaken on a large scheme basis to avoid a 'pepper pot' approach of repairing singular properties, particularly for external works which helps create efficiencies in delivery and cost savings.

5.2 Delivered in partnership with Three Sixty and B4Box, the Offerton Masterplan has delivered a multi elemental project, which included new roofs and rooflines, external wall insulation (EWI), feature cladding, lighting upgrades and environmental and fencing works over a 4-year period.

- 5.3 The total spend for 2021/22 was £1.297m, split between, Three Sixty (£1.146m) and B4Box (£151k) Fencing improvements.
- 5.4 Works have been completed to 71 properties, which includes 66 new roofs and EWI, 5 new roofs only and 61 properties having fencing replaced by B4Box.
- 5.5 Big Impact works have also been completed during 2021/22, focusing primarily on stock in the Reddish and Cheadle areas. Works consisted of new roofs, roofline and primary and secondary wall finishes, such as new pointing and rendering.
- 5.6 Works completed during this period include, 98 new roofs, 7 roofline replacements, 78 primary and secondary wall finish improvements, and 9 responsive roof replacements, identified by the Asset Team.
- 5.7 In partnership with Three Sixty, SHG have undertaken internal improvement works, including new kitchens, bathrooms, WC's and level access showers. This programme will continue into 2022/23.
- 5.8 Improvement works to Hollywood Towers continued throughout 2021/22 and are due to be completed in July 2022. The works aim to reduce anti-social behaviour and provide a much-needed facelift both internally and externally.
- 5.9 Heating upgrades have been completed to 110 properties, providing new gas boilers and radiators, replacing the existing units that had reached the end of their life. The new systems will provide customers with a more energy efficient system and reduce ongoing maintenance costs.
- 5.10 External improvement works have been completed at Birch Court, sheltered scheme in Marple. The works included window upgrades throughout and rendering to the front and rear elevations.
- 5.11 The Asset Team have delivered window and door replacement programmes to Astley House & Blackstone House, where the existing units had been highlighted as being beyond economical repair.
- 5.12 Heating upgrades at Lancashire Hill have continued throughout 2021/22 and are due to be completed in September 2022. The project is replacing the inefficient communal system with new HIU's (Heat Interface Units). The HIU gives customers the ability to control the heating within their own flat, and only pay for the energy they use. These works also support ongoing projects to improve the overall efficiency of the heat networks.
- 5.13 Other programme highlights include resurfacing works to walkways at Higher Bents Lane and Romiley Precinct, which had been suffering from water ingress for many years despite ongoing efforts to address the leaks. The works undertaken included installing a new cold applied, balcony walkway system and forming surface water drainage to divert water away from the existing internal drainage system.

6 ENERGY EFFICIENCY AND CARBON REDUCTION

- 6.1 SHG have a good record of addressing carbon reduction by investing in energy efficiency measures, including high levels of insulation, installation of photovoltaic panels and the installation of Air Source and Ground Source Heat Pumps.
- 6.2 The investment in energy efficient measures has enabled 93% of all SHG managed properties to have an Energy Performance Certificate rating of C or above, against an internal target of 92.5% and against a national average of EPC rating D.



- 6.3 The most high-profile Energy Efficiency programme of the last 12 months is the ongoing programme of the European Regional Development Funding (ERDF) "Homes as Energy Systems".
- 6.4 Homes as Energy Systems (HaES) is a collaborative working project across the following Greater Manchester partners:
- SHG – Delivery Partner
 - Manchester Council (formally Northwards Housing) – Delivery Partner
 - Procure Plus – Accountable body and main project lead
 - Salford University – Academic study and reporting
 - Retrofit Works – Specialist in energy efficiency
 - Upside Energy – Specialist in energy monitoring
- 6.5 This project concludes in 2022 and is 45% funded from ERDF with around £2.4m coming from this source.
- 6.6 When complete the HaES project will deliver External Wall Insulation (EWI) to 291 properties, Solar PV and batteries to 39 properties and Ground & Air Source Heat pumps to 241 properties.
- 6.7 SHG and Manchester Council have encountered significant delays with the supply and delivery of Air Source Heat Pumps. This is due to the short supply of raw materials, such as condensers and heat exchangers as part of global shortages due to COVID 19.

- 6.8 The team will continue to work with procurement partners and the supply chain to minimise further delays and maximise the claiming of grant funding.
- 6.9 During 2021/22, the Investment Team have successfully delivered energy efficiency works to 101 properties. The table below shows the elements of work carried out over two financial years, since the start of the scheme. 312 properties have been improved over that period, works include, new Ground and Air Source Heat Pumps, External Wall insulation, Photovoltaic Panels with battery support and New Roofs.

EDRF COMPLETED WORKS			
WORK ELEMENTS COMPLETED	INVESTMENT YEAR		TOTAL
	2020/21	2021/22	
Ground Source Heat Pumps (GSHP)	106		106
Air Source Heat Pumps (ASHP)		3	3
EWI, Roofing, PV & Battery Storage		35	35
EWI & Roofing	86	31	117
EWI Only	19	32	51
	211	101	

Table 1. Shows the EDRF works completed in the last two financial years

- 6.10 Following the new installations, the Environmental & Energy Team visit customers to ensure they have support with energy tariffs and billing. Customer feedback is also gathered, and an example of this can be seen below;

Customer Feedback

*"The new heating system is much better than the old one. I couldn't **control the temperature on the** storage heaters, it was either too hot or too cold. The new system is great, I can control the temperature in each room, and it has reduced my energy bills"*

Ahmed Darwish – The Cloisters – Ground Source Heating Upgrade

- 6.11 In addition to work on customers' homes, SHG continued the installation of Electric Vehicle (EV) Charge Points: 2021/22 was the second year of the three-year rollout of EV charge points across the housing portfolio. Officers have worked closely with the Energy Saving Trust to analyse the operational fleet's general movement and daily travel. This resulted in a decision to plan for the transition from Diesel vehicles to EV's starting in 2023 as part of SHG's

Climate Change Strategy. The introduction of EV charge points is to implement a charging network to support this transition. The organisation has committed to implementing 60% electric fleet vehicles by 2024 and 100% by 2028.

7 FINANCIALS

- 7.1 The Capital Programme budget for 2021/22 was set at £17.541m
- 7.2 The expenditure during 2021/22 was £15.029m, resulting in a year-end underspend of £2.511m.
- 7.3 Of the £2.511m, £2.008m was undelivered works, which will be carried into the 2022/23 programme. This is mainly due to customer access, delayed project starts and material supply shortages, as a result of the Covid 19 pandemic.
- 7.4 The remaining £503k is a combination of efficiencies made on delivered projects, and some over estimations on budgets. The unallocated funds will be used as a contingency in the 2022/23 programme.
- 7.5 The investment team continue to deliver improvement works to SHG owned stock, which consist of new homes and acquired properties. The works being undertaken include replacement doors, windows and roofs, and are predominantly carried out too older acquired stock.
- 7.6 The expenditure in 2021/22 was £60k against a budget of £181k. The under delivery was due to material and labour supply chain delays, resulting in works being carried into 2022/23.
- 7.7 SHG and their partners have continued to manage the impact of Covid19 throughout 2021/22. Government imposed lockdowns and mandatory isolation periods have had a significant impact on delivery and the wider supply chain, causing delays.
- 7.8 Appendix 2 highlights the budget spend across each of the workstreams.
- 7.9 Appendix 3 shows the financial expenditure (light blue) against the overall budget (dark blue) for each programme in 2021/22.

8 CUSTOMER ENGAGEMENT

- 8.1 Customer satisfaction achieved a year-to-date figure of 99.82% against a target of 98.70%, which is above target, based on 570 returns.
- 8.2 The Investment Team will review the customer satisfaction process throughout 2022, as a way of improving data and making targets more challenging. It is believed this review will provide greater levels of scrutiny, which will inform future service delivery improvements.
- 8.3 In line with the Asset Management Strategy, the Asset Team are committed to engaging customers to shape capital projects. An example of this is the communal upgrade works at Brecon, Conway and Ludlow Towers in Brinnington. Customers expressed their desire to see the refurbishment of the communal areas. Following positive feedback, similar works are being rolled out to other blocks in 2022/23.

9 HEALTH & SAFETY

- 9.1 SHG use an online portal for the management of all health and safety associated documentation, with reference to large-scale Capital Programme delivery. The online Construction Design and Management (CDM) system is provided by a company called A.I. Solution Ltd, and the system has been in place since 2019.
- 9.2 The CDM system allows any number of users to enter project details and upload documents such as risk assessments, method statements, F10 notices and onsite audits.
- 9.3 The Investment Team continued to carry out health and safety audits on behalf of the client. The Clerk of Works undertake these audits monthly which are then uploaded to the CDM portal.
- 9.4 Starting in Q1 (Jan-March 2022) health and safety audits are also undertaken by the Health and Safety team on behalf of Three Sixty. 7 audits were completed within that period, with 8 actions to be addressed. 1 action was reportable (RIDDOR), due to an unclipped scaffold board. Solutions were agreed onsite and are being implemented going forward.
- 9.5 Reports throughout the year have been good, with high levels of health and safety compliance onsite.

10 SOCIAL VALUE

- 10.1 Social value is achieved as part of the delivery of the capital programme. Examples of this can be demonstrated through Three Sixty, shown in the table below:

Outcome	Indicator	Number / %
Apprenticeships	Apprenticeship posts within Three Sixty Construction	2
	Apprenticeship posts within Three Sixty Maintenance.	3
	Apprenticeship posts Three Sixty business support	1
	Apprenticeship posts within Three Sixty M&E.	1
Staff Locations	Percentage of Three Sixty staff live within GM boroughs	79%
	Percentage of Three Sixty staff live within SK postcodes	35%

Table 2. Numbers of Apprenticeships achieved by Three Sixty for 2021/22 and the Percentage of Staff living in GM boroughs and SK postcodes

Three Sixty achieved a total of 7 apprenticeships throughout the year. Each apprenticeship generates a value of £2,353, totalling a social value of £15,365 based on the HACT methodology.

- 10.2 Social value is a real focus and strategic goal for SHG. Examples of this are procuring B4Box social enterprise, to deliver projects which improve stock and customers' homes and the environment.
- 10.3 The following table highlights the social value achievement on B4Box works, providing training and employment opportunities and are detailed in Table 3 (on the page below).

Outcome	Indicator	Number
Employment	Number of People Employed on-site at the End of Year:	66
	Number of Local People Employed at the End of Year:	63
	Total Local People Employed in the last Year:	72
	New Local People Started in last Year:	22
Apprenticeships	Number of Apprentices in Training in last Year:	11
	Number Apprenticeship Achievements end of Year:	0
Trainees Qualifications	Number of Trainees working towards Qualifications in last Year:	22
	Number of Trainees Achieving Qualifications at the end of year	14
School Pupils	School Children working towards Qualifications in last Year:	32
	School Children Achieving Qualifications at the end of Year:	7

Table 3. Numbers of employment and training opportunities achieved by B4Box for 2021/22 contract year.

- 10.4 SHG also creates social value through the procurement partner Procure Plus. During 2021/22, SHG achieved 21 employment outcomes against an overall spend for the year of £4.157m.
- 10.5 SHG's procurement partner Procure Plus, have been awarded a Queen's Award for Enterprise in Promoting Opportunity. The award recognises their work helping people from disadvantaged communities in to sustainable, meaningful employment.

11. CONCLUSION

- 11.1 The 2021/22 Capital Programme has seen the majority of capital projects being delivered successfully, despite the ongoing challenges presented by Covid-19, material and labour shortages, rising costs and increasing material lead in times. This achievement represents 86% of the budget being delivered in a year which has been challenging for both SHG and their delivery partners. By continuing to invest wisely, it ensures the future sustainability of the Council's housing stock.
- 11.2 In addition to the substantial allocation of funds, a high level of customer satisfaction has been achieved.

The 2021/22 Capital Programme aligned with the Asset Management Strategy, with regards to strategic outcomes and funding levels. The 2022/23 budget year is the scheduled period for the review of the Asset Management Strategy, and this is to be reviewed by SHG Board in December 2022.

12. RECOMMENDATION

12.1 That the Member Committee comment on and note the report.