



| | | | |
|---|--|--------------------------------------|-------------------------------|
| Report to: | STOCKPORT HOMES MEMBER COMMITTEE | | |
| | 03 July 2023 | | |
| Report of: | EXECUTIVE DIRECTOR OF OPERATIONS | | |
| Contact Officer and contact details | Andrew Broadhurst 07875990093 andrew.broadhurst@stockporthomes.org | | |
| Type of Report | Assurance | | |
| Title of Report: | 2022/23 CAPITAL PROGRAMME OUTTURN REPORT | | |
| Purpose of Report: | To provide a summary of the 2022/23 Capital Programme. | | |
| Recommendation(s): | That Member Committee comment on the contents of the report. | | |
| Confidentiality | Non Confidential | | |
| Resource Implications | The 2022/23 Capital Programme has been delivered in accordance with the HRA Business Plan and SHG's Asset Management Strategy as agreed by Board | | |
| Impact on Risk Appetite and Risk Register | 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. | | |
| | SHG also has an 'averse' 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. | | |
| | Risk Number | Risk Description | Risk Mitigation |
| | 1 | SHG is not able to deliver the Asset | Delivery of the 22-23 Capital |

| | | | |
|--|---|---|--|
| | | Management Strategy and meet the long-term stock investment / zero carbon requirements of homes, communal areas and neighbourhoods | Programme helps in maintaining the long-term requirements of the stock (owned and managed) |
| | 2 | Building Safety Cases are not of sufficient quality to obtain a Building Assessment Certificate from the Building Safety Regulator | The delivery of fire related programmes as part of the 2022/23 capital programme ensures SHG maintains compliance with all Building Safety and Fire Safety requirements. |
| | 3 | Health and safety obligations to customers aren't fulfilled, including gas safety, electrical safety, fire safety, legionella, lift safety, asbestos and carbon monoxide | Health and Safety focused projects completed as part of the capital programme, ensure our homes are compliant and keep our customers safe. |
| | 4 | SHG does not deliver excellent customer services in the way that customers require them and does not maintain a strong, positive reputation where stakeholders have trust and confidence in SHG | The continued investment in customers homes assists with maintaining high customer satisfaction, good quality homes and places where people want to live. |

| | |
|---|---|
| Customer Voice | The views of customers are sought throughout the delivery of the Programme, and levels of satisfaction remain high. |
| 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 . |
| Comments of the Stockport Homes Monitoring Group from the meeting on 20 June 2023 | <p>Customers praised the investment works carried out over 2022-23, highlighting that it is clear to see that Stockport Homes is investing in its communities.</p> <p>The investment work on Hollywood Towers was commended. Customers understood the issues surrounding tailgating and felt that the works to minimise this will have a positive impact on residents' lives.</p> <p>The fire compartmentation works was highlighted as a particularly important element of investment works. They highlighted that following Grenfell it is important to provide extra assurances over fire safety.</p> <p>The energy efficiency investment work was also highlighted as a success from 2022-23. They added that the photos in the appendix showing examples of the investment work helps to illustrate the positive impacts at a personal and communal level.</p> |

1 INTRODUCTION

- 1.1 During 2022/23, 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 customers.

Key points from the programme include:

- Customer satisfaction achieved a year end cumulative figure of 97.88%.
- HRA expenditure of £13.564m against a budget of £15.588m. (See section 6)
- SHG owned stock expenditure of £74k against a budget of £201k.
- Significant social value achieved through the delivery of the programme throughout the year.

2 CAPITAL PROGRAMME DELIVERY

- 2.1 The Capital Investment Programme is managed by the Asset Service Area and delivered through a combination of Three Sixty and other external contractors. Support is provided by Corporate Finance for business accountancy.
- 2.2 SHG have continued to adopt a 'Big Impact' approach. This strategy was endorsed by the Council 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.
- 2.3 The 2022/23 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
- 2.4 Examples of the 2022/23 Capital Programme outcomes can be seen in Appendix 1.
- 2.5 The majority of the Capital Programme has experienced varying levels of impact during 2022/23, due to the fallout from 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.
- 2.6 In addition to the above, 2023 has seen the global energy crisis, caused by the significant increase in wholesale gas prices. The effects have been felt

throughout the manufacturing and labour markets, increasing the cost of materials and goods.

- 2.7 Within the 2022/23 Capital Programme, £1.046m of refurbishment works to Lancashire Hill tower blocks, were deferred into future investment years, to align with the wider Lancashire Hill Development Plan.
- 2.8 An additional £1.922m, originally allocated to the York Street Biomass Heating Project, were also deferred into the 2023/24 investment programme. This was done to take advantage of the upcoming, HNES Energy Grant Scheme, which will be 45% funded by the Department of Energy Security and Net Zero (DESNZ). SHG have submitted a strong bid, which is currently at the evaluation stage.
- 2.9 Of the £2.968m of deferred works, additional investment works to the sum of £2.063m were instructed to be carried out on key elements of the capital programme during 2022/23.

3 FIRE SAFETY

- 3.1 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.
- 3.2 Sprinkler commissioning continued throughout the early part of 2022/23. All 22 high-rise blocks have now been commissioned.
- 3.3 Compartmentation works within roof voids to four medium rise blocks have been completed at Lancashire Hill. The works have been undertaken by specialist fire protection contractors, Neo Property Solutions Ltd. The works consisted of replacing defective fire barriers and installing new, which have FIRAS accreditation.
- 3.4 SHG continue to ensure fire safety remains a primary focus, investing in a Hilti Portal where firestopping can be logged by any contractors undertaking works in our high and medium rise blocks. To date, over 2200 pieces of firestopping have been logged. The information recorded includes before and after photos, products used, who carried out the work and a date which can be accessed via a unique QR code.
- 3.5 During 2022/23 compartmentation upgrades to balcony partitions at Mottram and Millbrook Towers via B4Box have been completed. To date, over 150 upgrades have been completed. All the works have been logged on systems, Hilti Portal, to record compliance. In conjunction with these works, B4Box have carried out window checks and any necessary repairs.

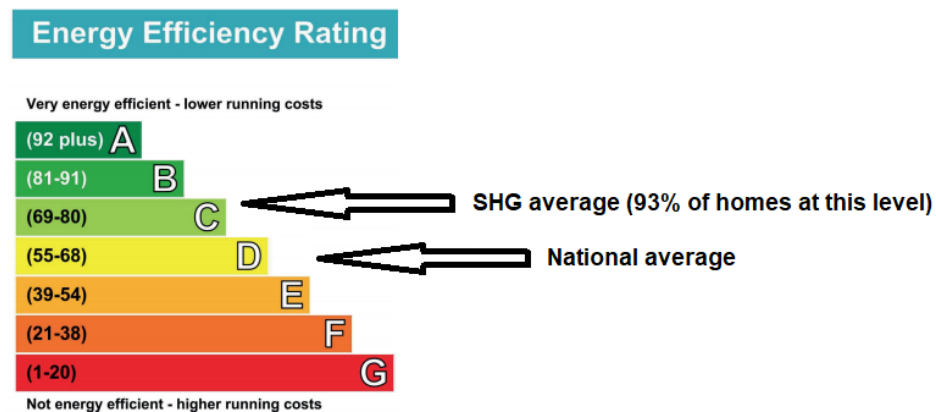
4 ESTATE REGENERATION

- 4.1 In line with the Big Impact approach and to achieve value for money, 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.
- 4.2 Big Impact works have focused primarily on stock in the Romiley, Marple and Heaton Moor areas. Works to Bramley Crescent (Heaton Moor) consisted of new replacement roofs, roofline and primary and secondary wall finishes, windows, and doors and were carried out by Three-Sixty.
- 4.3 In addition to the above, external works have been undertaken to Woodfield Crescent and Gotheridge Close in Romiley and Marple, respectively. These natural slate roof archetypes have been replaced together with the roofline and external render façade.
- 4.4 Due to the high cost of replacement natural slate on Woodfield Crescent, Gotheridge Close was brought forward in the business plan to allow the slates to be used on the Woodfield Crescent properties. Managing the works in this way resulted in an average saving per property of £1,519.36, totalling £57,735.68.
- 4.5 Other external works completed during 2022/23 include, 90 new roofs, 4 roofline replacements, 42 primary and secondary wall finish improvements, and 4 responsive roof replacements, identified by the Asset Team.
- 4.6 In partnership with Three Sixty, SHG have undertaken internal improvement works to 57 properties. Works included new kitchens, bathrooms, WC's and level access showers.
- 4.7 Improvement works at Hollywood Towers continued throughout 2022/23. Works include new curtain walling (feature windows), render façade to the ground and first floor levels, external boundary treatments, planting, and internal decorations. The works aim to reduce anti-social behaviour and provide a much-needed facelift both internally and externally.
- 4.8 Heating upgrades have been completed to 400 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.
- 4.9 External improvement works have been completed at Bow Street, Edgeley. The works include new fencing and front and outhouse doors.
- 4.10 Window and door replacement programmes have been carried out across the Borough, with 70 properties having replacement windows and 63 new front doors. Communal entrance doors have also been replaced to blocks at Bosden Hall Road, Commercial Road and Dartmouth Crescent.
- 4.11 Heating upgrades at Lancashire Hill were completed in December 2022. The project replaced 268 properties 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.

- 4.12 Other programme highlights include refurbishment works to sheltered blocks, carrying out much needed internal decoration works, communal kitchen upgrades and the replacement of staircase balustrading to comply with current building regulations.

5 ENERGY EFFICIENCY AND CARBON REDUCTION

- 5.1 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.
- 5.2 The investment in energy efficient measures has enabled 96% 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.



- 5.3 The most high-profile Energy Efficiency programme of the last 3 years has been the European Regional Development Funding (ERDF) “Homes as Energy Systems”.
- 5.4 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
- 5.5 This project concludes in June 2023 and is 45% funded from ERDF with around £1.8m coming from this source.
- 5.6 In 2022/23 the HaES project has delivered Solar PV and batteries to 20 properties. Air Source Heat pumps have been installed to 24 properties and an additional 5 properties having Ground Source Heat Pumps. The table below

shows the elements of work carried out over three financial years. Since the start of the scheme 371 properties have been improved. Works include, new Ground and Air Source Heat Pumps, External Wall insulation, Photovoltaic Panels with battery support and New Roofs.

| ERDF PROJECT 2020-2023 | | | | TOTAL |
|------------------------------------|-----------------|---------|---------|-------|
| | INVESTMENT YEAR | | | |
| WORK ELEMENTS COMPLETED | 2020/21 | 2021/22 | 2022/23 | |
| | | | | |
| Ground Source Heat Pumps (GSHP) | 107 | | 5 | 112 |
| | | | | |
| Air Source Heat Pumps (ASHP) | | 3 | 24 | 27 |
| | | | | |
| EWI, Roofing, PV & Battery Storage | | 35 | | 35 |
| | | | | |
| EWI & Roofing | 86 | 30 | | 116 |
| | | | | |
| EWI Only | 29 | 32 | | 61 |
| | | | | |
| PV & Battery Storage | | | 20 | 20 |
| | 222 | 100 | 49 | |

Table 1. Shows the EDRF works completed in over the duration of the project

- 5.7 During 2022/23 works have been procured through the Social Housing Decarbonisation Fund (SHDF). SHDF is a consortium project in partnership with the Greater Manchester Combined Authority (GMCA) and the Department of Energy Security & Net Zero (DESNZ). The purpose of the project is to improve dwellings by increasing the energy efficiency (EPC) rating to a Band C or above. This is in line with SHG's Climate Change Strategy and the wider Greater Manchester's carbon reduction targets.

The project is part funded by DESNZ and has specifically targeted measures such as the replacement of inefficient electric storage heaters and new photovoltaic panels.

6 FINANCIALS

- 6.1 The Capital Programme budget for 2022/23 was set at £15.588m
- 6.2 The expenditure during 2022/23 was £13.564m, resulting in a year-end underspend of £2.254m, which includes additional capital income of £230k from external sources.
- 6.3 Of the £2.254m, £1.349m was slippage, which will be carried into the 2023/24 programme and is due to be completed in Q1. This is due to resource implications, weather delays and additionally instructed works taking longer than initially thought.
- 6.4 The remaining sum will be reallocated into forthcoming years to undertake works at the Lancashire Hill Tower Blocks, as part of the wider Development Plan as referenced in Section 2.

- 6.5 Both SHG and Three Sixty have worked collaboratively during the year, ensuring projects identified for delivery in the 23/24 investment programme have been specified and procured in suitable time. This will aid earlier project commencement, allocation of appropriate resource and help to negate inclement weather on external projects where possible.
- 6.6 Improvement works continue 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.
- 6.7 The SHG owned expenditure in 2022/23 was £74k against a budget of £201k. The under delivery was due to less work being identified than originally thought, following the validation surveys.
- 6.8 SHG and their partners have continued to manage the financial impact of the war in Ukraine and the Global Energy Crisis. This in part has been minimised by the early procurement and purchase of materials to avoid frequent price increases.
- 6.9 Appendix 2 highlights the budget spend across each of the workstreams.
- 6.10 Appendix 3 shows the financial expenditure (orange) against the overall budget (light blue) for each programme in 2022/23.

7 CUSTOMER ENGAGEMENT & SATISFACTION

- 7.1 Customer satisfaction achieved a year-to-date figure of 97.88%, based on 706 returns.
- 7.2 Attempts to increase return rates during the financial year, have resulted in i receiving 706 returns, which is an increase of 136 surveys on the previous year (570).
- 7.3 Throughout 2022/23 SHG has been reviewing the customer satisfaction process, as a way of improving data and making targets more transparent. Consultation has been undertaken with key areas of the business, which will inform future service delivery improvements.

8 HEALTH & SAFETY

- 8.1 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.
- 8.2 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.
- 8.3 Health and safety audits are carried out monthly which are then uploaded to the CDM portal.
- 8.4 Additional Health and Safety audits are carried out on behalf of Three Sixty. 15 audits were carried out with 57 actions identified. Of the 57 actions, all were minor, with non-outstanding as of March 2023.

- 8.5 In November 2022, an incident occurred where a small number of Three Sixty roofing operatives, were found to be working in a “Red Zone” area, close to live gas flues. The incident was fully investigated, and outcomes have been put in place including, additional control measures such as ‘permit to work’ and ‘toolbox talks’ to ensure it does not happen again.

9 SOCIAL VALUE

- 9.1 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. | 2 |
| | Apprenticeship posts Three Sixty business support | 1 |
| | Apprenticeship posts within Three Sixty M&E. | 2 |
| Staff Locations | Percentage of Three Sixty staff live within GM boroughs | 88% |
| | Percentage of Three Sixty staff live within SK postcodes | 49% |

Table 2. Numbers of Apprenticeships achieved by Three Sixty for 2022/23 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 £16,471 based on the HACT methodology.

- 9.2 Social value is a high 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.
- 9.3 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).

| Table 3 | | |
|-------------------------|---|--------|
| Outcome | Indicator | Number |
| Employment | Number of People Employed on-site at the End of Year: | 60 |
| | Number of Local People Employed at the End of Year: | 57 |
| | Total Local People Employed in the last Year: | 74 |
| | New Local People Started in last Year: | 9 |
| Apprenticeships | Number of Apprentices in Training in last Year: | 12 |
| | Number Apprenticeship Achievements end of Year: | 8 |
| Trainees Qualifications | Number of Trainees working towards Qualifications in last Year: | 38 |
| | Number of Trainees Achieving Qualifications at the end of year | 19 |
| School Pupils | School Children working towards Qualifications in last Year: | 32 |
| | School Children Achieving Qualifications at the end of Year: | 8 |

Table 3. Numbers of employment and training opportunities achieved by B4Box for 2022/23 contract year.

- 9.4 All employment and training opportunities shown in the table above, were hired as a direct result of SHG contracts, with 74 locally based, bringing over £572,787.94 of social value to the local community. The contract currently has 12 apprentices in training, which generates a social value of £26,339.81, with an additional 38 staff working towards recognised qualifications, generating a further £38,709.35 worth of social value during the 2022/23 financial year.
- 9.5 SHG also creates social value through a procurement partner Procure Plus. During 2022/23, SHG achieved 14 employment outcomes against an overall spend for the year of £2,083m.
- Through SHG's partnership with Procure Plus, over £169,163 of social value has been generated.
- 9.6 Of the 14 employment outcomes, 10 are locally based, full time posts and are a direct result of contracts with SHG. The remaining 4 are full time posts based with other providers living within SK postcodes.
- 9.7 In total, the above examples have provided over £637,000 in social value, with the overwhelming majority being in the local Stockport area.

10 CONCLUSION

- 10.1 The 2022/23 Capital Programme has seen most of the capital projects being delivered successfully, despite the ongoing challenges presented by material and labour shortages, rising costs and increased material lead in times. This achievement represents 87% of the budget being delivered in the year.
- 10.2 The 2022/23 Capital Programme aligned with the Asset Management Strategy, with regards to strategic outcomes and funding levels.

11. RECOMMENDATION

- 11.1 That Member Committee comment on the contents of the report.