

**THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

|                          |  |
|--------------------------|--|
| <b>Title of meeting:</b> | Cabinet for Housing and Preventing Homelessness  |
| <b>Subject:</b>          | Interim Report on Progress of Council Housing Maintenance and Improvements Programme 2022/2023 |
| <b>Date of meeting:</b>  | 27 <sup>th</sup> October 2022  |
| <b>Report by:</b>        | James Hill - Director for Housing, Neighbourhood and Building Services                         |
| <b>Author:</b>           | Meredydd Hughes, Assistant Director Building Services  |
| <b>Wards affected:</b>   | All Wards  |

---

**1. Requested by**

1.1 The report was requested by the Cabinet Member for Housing and Preventing Homelessness at the Housing and Preventing Homelessness cabinet meeting held on 22<sup>nd</sup> March 2022.

**2. Purpose of Report**

2.1 The purpose of this report is to update the cabinet member on the delivery of the housing maintenance capital programme, the spend against the approved budget and to highlight any future issues.

**3. Recommendations**

3.1 That the Cabinet Member notes the progress of the budget plan and capital spend, especially in the light of the emerging energy situation, cost of living crisis and supply chain issues.

**4. Background**

4.1 The Council Housing Maintenance and Improvements and Housing IT Business Software 2022/2023 report was presented to the cabinet member for Housing and Preventing Homelessness by Meredydd Hughes, Assistant Director of Building Services on 22<sup>nd</sup> March 2022.

## **THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

**4.2** Meredydd Hughes introduced the report and talked to the revenue and capital budgets, the allocation of monies to work type and area office location, and highlighted some key work streams, including continued fire safety works and decarbonisation works.

**4.3** In response to questions around rising costs the cabinet member agreed that a report on the delivery of the capital programme against the budget approved was brought back to a housing portfolio cabinet during the financial 2022/2023 fiscal year.

## **5. Actual Progress Against Planned Programme**

### **5.1 HRA Capital Building Projects - summary update as of 30<sup>th</sup> September 2022**

The Building Projects team are working on 42 HRA Capital Building Projects at present. They are broken down as follows:

- 3 projects completed.
- 19 projects on site.
- 3 projects tendered/at tender stage.
- 17 projects being evaluated.
- A further 11 projects are awaiting allocation to a surveyor to be evaluated.

The value of projects that the team is currently working on is £39.4m, and this is made up as follows:

- Value of projects completed, on site or at tender stage is £23.6m, and expenditure against these projects currently totals £8.4m.
- Value of projects being evaluated is £15.8m.

**5.2** The Building Projects team have been receiving tenders around 20% to 25% higher than 2019/2020 pre COVID-19 levels; however, this increase has been budgeted for meaning that returned tenders are generally in line with PCC estimates and those approved within the programme.

**5.3** The projects currently complete, on site, at tender stage or being evaluated by Building Surveyors are listed in Appendix A and Appendix B. The programme of works is flexible during its life and both Appendices contain new project demands that have arisen during the year and that were unforeseen when the programme was approved in March 2022.

## **THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

5.4 In addition to Capital Projects other key work streams being undertaken by the team in 2022/2023 include:

- Asbestos Framework - Creation of a consultant framework for the undertaking of asbestos surveys and samples.
- Primary Contractor Framework Void Sub-lot - Creation of a sub-lot on the Primary Contractor Framework to increase capacity and speed when undertaking void refurbishment works.
- Retrofit Pilot Project - A consultant has been appointed to undertake pilot studies to 19no. sites (consisting of 23no. blocks of flats and 17.no houses) to assess the cost and viability of undertake whole property retrofit projects to houses and blocks of flats to reduce energy demand for properties and reduce carbon emissions.

## **6 Future Budget Pressures and Mitigation Measures**

6.1 PCC Building Services officers are reporting that building contracts are expected to increase in cost by a further 10% to 15% through 2022/2023 due to inflation, material supply issues, the cost of living and energy price rises.

6.2 The Royal Institute of Chartered Surveyors (RICS) building cost information service overview have forecast that their 'All-In' Tender Price Index (TPI) predicts a 13% rise in tender costs from quarter 1 of 2022 to quarter 2 of 2023.

6.3 The RICS are also reporting:

- Prices of materials continue to move upwards, with fuel and energy prices having the largest impact. Prices for imported European goods continue to escalate and affect trade pricing.
- Contractors are being more selective in contracts they tender for as the inflation (particularly in relation to fixed price and for long construction programmes) and supply risks continue. This was highlighted by the Building Cost Inflation Service (BCIS) Tender Price Index Panel which reported that it is increasingly difficult to get contractors to tender.
- Contractors are putting more consideration into project complexity, client, procurement, and contract route before agreeing to tender and it is widely reported that it has become harder to get Contractors to carry out projects with a higher risk profile without considerations in respect of risk management and ownership.
- The likely impact of inflation has increased the risks facing clients in terms of delivering against the financial budget for 2023/2024, as well as managing the effect of increased costs in future years.

**THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

**6.4** The BCIS also report that to mitigate and share the risk when tendering clients could consider:

- Fluctuating price contracts.
- Allow for reimbursement if inflation differs from expectations at the time of tender. Depending on the Client and type of work this additional cost or risk could be shared between Client and Contractor.
- Pay for pre-ordered materials.
- Consider the sourcing of materials in the specification.
- Reduce the tendering period as Contractors and Sub-contractors will not hold tenders for any length of time.
- Extend contract periods to allow for delays in supply

**6.5** Officers will continue to monitor tender returns closely so as to consider any or all of the above in future procurement strategies.

**6.6** At a local level PCC's Core Group of repairs and maintenance contractors are still reporting difficulties in recruiting new and retaining existing operatives to undertake repairs, voids and project works.

**6.7** Although the attrition rate of technical and supervisory staff losses is starting to slow, the continued high demand of construction work caused by Brexit, Building Safety fund works, zero carbon/de-carbonisation projects and the backlog of repair work arising out of the pandemic for neighbouring social housing landlords have continued to cause major supply and demand pressures in a shrinking labour pool.

**6.8** All the Core Group contractors have implemented recent pay and conditions reviews, including paying staff the "real living wage" in an attempt to attract new and retain existing staff. However, competition in the market is very fierce with many client organisations and contractors paying significantly above market pay levels for short term project work and/or high-level recruitment/retention bonuses.

**6.9** Materials availability is still sporadic and quoted delivery dates continue to be unreliable. Any form of steelwork and quantities of bricks are on very long lead times and careful consideration over programme planning or actual project delivery need to be implemented.

**6.10** Any imported products or replacement parts are also subject to significant delays and increased costs due to the falling value of the pound.

**6.11** Officers from PCC met with their counterparts from local housing associations on 7<sup>th</sup> October 2022 as part of their regular repairs and maintenance sub-group

**THIS ITEM IS FOR INFORMATION ONLY**

**(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)**

meetings. The delivery of repairs and maintenance works, material supply chain delays and the challenges associated with the recruitment and retention of operatives were some of the key items on the agenda discussed and highlighted the shared issues being faced by the industry.

.....  
Signed by James Hill - Director of Housing, Neighbourhood and Building Services

**Appendices:**

Appendix A - Building Projects Tracker Complete/On Site/Tender

Appendix B - Projects being evaluated

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document   | Location   |
|---|--|
| Council Housing Maintenance and Improvements and Housing IT Business Software 2022/2023 | <a href="#">Report - Council Housing Maintenance and Improvement and Housing IT Software 2022-2023 Final</a> |
|   |  |
|   |  |

**THIS ITEM IS FOR INFORMATION ONLY**

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

**Appendix A - Building Projects Tracker Complete/On Site/Tender**

| <b>Project</b>   | <b>Status</b> | <b>Contract Value</b> |
|--|---------------|-----------------------|
| 3 Sultan Road*   | Complete      | £39,760               |
| Somers Road  | Complete      | £371,163              |
| Thorowgood House - Fire Doors  | Complete      | £76,063               |
| St Nicholas Flats  | On Site       | £100,242              |
| Dunsmore Close - Ph2   | On Site       | £1,791,704            |
| Avocet House   | On Site       | £348,958              |
| Ladywood & Handsworth, Sarah Robinson House, Grafton Street & Estella Road, Wingfield Street, Westminster Places & Hawthorn Crescent - BSF | On Site       | £2,359,613            |
| Somerstown Acquired House Site 1   | On Site       | £709,908              |
| Wimpey Courts Decoration   | On Site       | £4,044,792            |
| West Leigh   | On Site       | £3,728,705            |
| Soberton Road - Fire Safety  | On Site       | £1,086,020            |
| Tweed Court Roof   | On Site       | £764,157              |
| London Road  | On Site       | £206,122              |
| Soberton Road - Structural   | On Site       | £99,611               |
| Hawthorn Crescent Ph1  | On Site       | £905,286              |
| Hale Court - Fire Doors  | On Site       | £526,741              |
| Ladywood House - Sprinklers  | On Site       | £826,629              |
| Grafton Street - Fire Damage*  | On Site       | £275,000              |
| Escur & The Ridings  | On Site       | £314,969              |
| Lyndhurst House*   | On Site       | £5,999                |
| Cheeryble House & Weller House   | On Site       | £435,937              |
| 24 Maralyn Avenue - DFG Extension*   | On Site       | £143,255              |
| Buckland Acquired House Site 1   | Tendered      | £683,459              |
| Louis Flagg - Pilot  | Tendered      | £82,500               |
| Horndean House / The Quad  | Tender        | £3,700,000            |
| <b>TOTAL</b>   |               | <b>£23,626,608</b>    |

\*additional projects that were not included within the HRA 2022/2023 Budget Book

**THIS ITEM IS FOR INFORMATION ONLY**

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

**Appendix B - Projects being evaluated**

| <b>Project</b>  | <b>Status</b> | <b>Budget Estimate</b> |
|---|---------------|------------------------|
| Wecock Farm Roofs                                     | Evaluation    | £800,000               |
| 3A Nutbourne Road - DFG Extension*                    | Evaluation    | £150,000               |
| 184a Northern Parade                                  | Evaluation    | £180,000               |
| Somerstown Acquired House Site 2                      | Evaluation    | £700,000               |
| Kilmiston Close                                       | Evaluation    | £950,000               |
| Seymour Close Site                                    | Evaluation    | £2,100,000             |
| Lennox Road North                                     | Evaluation    | £240,000               |
| Kingsley Road / Godiva Lawn                           | Evaluation    | £175,00                |
| Stratfield Gardens                                    | Evaluation    | £125,000               |
| Landport - Acquired House Site 1                      | Evaluation    | £700,000               |
| High Rise Void Flats*                                 | Evaluation    | £200,000               |
| 7 Blossom Square*                                     | Evaluation    | £150,000               |
| Chedworth Crescent - Fire Damage*                     | Evaluation    | £200,000               |
| 125 Whale Island Way*                                 | Evaluation    | £150,000               |
| Handsworth House - Sprinklers/Fire Doors              | Evaluation    | £2,000,000             |
| Copperfield & Pickwick House - Sprinklers/Fire Doors  | Evaluation    | £3,500,000             |
| Sarah Robinson/Millgate House - Sprinklers/Fire Doors | Evaluation    | £3,500,000             |
| <b>TOTAL</b>  |               | <b>£15,820,000</b>     |

\*additional projects that were not included within the HRA 2022/2023 Budget Book