

CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS

Venue: Town Hall,
Moorgate Street,
Rotherham.
S60 2RB

Date: Monday, 19th March, 2012

Time: 2.00 p.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested, in accordance with the Local Government Act 1972 (as amended March 2006).
2. To determine any item which the Chairman is of the opinion should be considered later in the agenda as a matter of urgency.
3. Rotherham Metropolitan Borough Council's Response to Government Consultations; Allocation of Accommodation and Social Housing Fraud (Pages 1 - 12)
4. Housing Investment Programme (HIP) 2011/12 (Pages 13 - 22)

(The Chairman authorised consideration of the following item to enable Members to be fully informed.)

5. Exclusion of the press and public
Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any person (including the Council)).
6. Proposed Housing Revenue Account Revenue Budget 2012/13 (Pages 23 - 32)

**ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER FOR SAFE
AND ATTRACTIVE NEIGHBOURHOODS**

1.	Meeting	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date	19 March 2012
3.	Title	Rotherham Metropolitan Borough Council's Response to Government Consultations; Allocation of Accommodation and Social Housing Fraud
4.	Directorate	Neighbourhoods and Adult Services

5. Summary

The Localism Bill, 2011, has afforded local authority landlords greater flexibility around their allocation policy. This report offers a brief summary of two government consultations;

1. Allocation of Accommodation, and
2. Social Housing Fraud

Rotherham Metropolitan Borough Council's (RMBC) draft responses to these consultations can be found at appendices 1 and 2.

6. Recommendations

- Note draft consultation responses (appendix 1 and 2) and identify any changes required.
- Agree that the responses are submitted to Overview and Scrutiny Management Board on 23 March 2012.
- Agree that subject to further amendments, the response will be submitted to CLG by 30 March 2012 (Allocation of Accommodation Consultation) and 4 April 2012 (Social Housing Fraud Consultation).
- Note that a further report will be prepared to when RMBC's Allocations Policy is revised, once the changes have been confirmed by Government.

7. Proposals and details

7.1 Background

ALLOCATION OF ACCOMMODATION

<http://www.communities.gov.uk/publications/housing/allocationofaccommodation>

The government consultation, Allocation of accommodation: guidance for local housing authorities in England, commenced on 5 January 2012 and will close on 30 March 2012.

The consultation contains 15 questions; a summary of the proposed changes follow and the questions and draft responses are contained in appendix 1.

Existing Tenants

The majority of the proposals contained in the consultation document apply to new tenancies only, but some proposals could affect existing tenants who are allocated a property via transfer. The consultation document suggests that;

- local authority landlords should consider giving existing tenants who under occupy priority for a transfer - RMBC's allocation policy already supports this
- local authority landlords may wish to consider whether there are other provisions in their transfer policy which make it more difficult for under-occupiers to move (eg, minor rent arrears)

Eligibility

- Local authorities are advised to consider an applicant's eligibility at the time of the initial application and again when considering making an allocation
- Changes regarding eligibility of persons from abroad
- Local authorities should not disqualify Armed Forces Personnel (Former AFP if discharged within 5 years) on residency grounds (payments as compensation for injury should not be taken into account under Financial resources)

Allocations

- Homelessness strategy, Tenancy Strategy and Allocations Strategy all should align with each other and the overarching Housing Strategy
- Retain existing reasonable preference categories (the Housing Act 1996 defines these categories through homelessness, overcrowding, medical or hardship grounds) but the following could influence the granting of additional/reasonable preference;
 - Financial resources (eg, less priority to owner occupiers)
 - Behaviour (both good and bad)
 - Local connection
- Local authorities can look outside reasonable preference categories to let hard to let stock

- Local authorities to consider households in work, seeking work or contributing to their communities through voluntary work, etc, even if they sit outside the reasonable preference categories
- Consider needs of prospective foster carers/adopters who may require an extra bedroom – again, this is already taken into account in RMBC's allocations policy

Flexible Tenancies

The consultation suggests local authorities consider how best to use flexible tenancies for those in low paid work and to incentivise taking up employment opportunities.

SOCIAL HOUSING FRAUD

<http://www.communities.gov.uk/publications/housing/socialhousingfraud>

The government consultation, Social housing fraud, commenced on 11 January 2012 and will close on 4 April 2012.

There are 13 questions on page 23 of the consultation document. RMBC's draft response can be seen at appendix 2. A brief summary of this consultation follows;

Current Situation

- The national cost of tenancy fraud has been estimated at £900m and involve some 50,000 properties
- Current powers for taking action against fraud are civil not criminal
- Recovering costs and damages when evicting and awarding damages is weak under civil enforcement
- Fraudsters can claim Right to Buy, at significant discount, if left undetected— although if discovered this is a criminal, not civil, offence

Current Penalties

- Tenancy fraud is mostly a civil matter so criminal liability, such as fines/imprisonment, are not available
- Current Criminal Fraud Act is weak and not appropriate to Social housing fraud – not seen as a deterrent and practical barriers for using this act
- Current legislation allows for fraudster intention to return over repossession

Landlords' method of detection

- Best methods include dedicated staff, tenancy audits, data matching and whistle blowing by neighbours
- Data sharing powers as authorities are not compelled to supply personal data – existing processes create unnecessary barriers to detecting fraud

Strengthening landlords' powers to tackle tenancy fraud

- More powers to compel data sharing from utility companies, etc (same powers used to investigate housing benefit fraud)

- The lack of legal powers is contributing to the estimated high number of illegal lettings
- Government considering criminal enforcement via Crown Court who can impose prison sentences/fines
- Offer incentives for landlords to make recovery of damages and courts can order money be reimbursed to the social landlord
- Add tenancy fraud to the list of criminal prosecutions that local councils can use (or bring on behalf registered providers)
- Better clarification on law on the intention to return - currently too many gaps
- Changes to assured tenancy brought into line with secure tenancies meaning that status cannot be regained once the whole property has been sublet

8. Finance

There are no immediate financial implications for the above, however, if Government's proposals around restorative payments become a reality, there may be an opportunity for local authority landlords to not only make recoup the cost of recovery and damages but the courts could order monies gained through tenancy fraud, by those prosecuted, be reimbursed to the social landlord.

9. Risks and uncertainties

Rotherham is currently working with a private sector company to do a sweep of our housing database and compare information of suspected fraudsters against information held with tenants' mobile phone contractors, other creditors and utility suppliers to determine the likelihood of tenancy fraud.

Once this work is completed Rotherham will have a much better idea of the extent of tenancy fraud occurring in its housing stock and the number of occasions we are likely to pursue possession through the courts.

10. Background papers and consultation

CLG, 2012, Allocation of accommodation: guidance for local housing authorities in England - consultation

CLG, 2012, Social housing fraud - consultation

11. Contact details

Sandra Tolley
Housing Options Manager, Housing Options
Sandra.tolly@rotherham.gov.uk /01709 335651

Wendy G Foster
Social Housing Officer, Strategic Housing and Investment Service
Wendy.regen-foster@rotherham.gov.uk /01709 255047

Appendix 1

**Strategic Housing and Investment Service
Neighbourhood & Adult Services**

Riverside House, Main Street

Rotherham S60 1AE

Tel: (01709) 255047 Fax: (01709) 823154

Email the Council for **free** @ your local library!

Our Ref: Wendy Foster

Your Ref:

Date: ?? March 2012

Dear Sirs

Consultation Response: Allocation of accommodation: guidance for local housing authorities in England

Rotherham Metropolitan Borough Council's (RMBC) Housing Allocation Policy is subject to a full review to ensure that it complies with, and takes advantage of, the possible changes to allocations resulting from the Localism Bill, 2011. The review will involve residents, stakeholders and partners to ensure changes meet the needs, demands and aspirations of local people.

Please find below Rotherham Metropolitan Borough Council's Consultation Response:

1. Does your allocation scheme/transfer policy already provide for social tenants who are under-occupying to be given priority?

Rotherham's allocation policy awards the highest level of priority status to transfer applicants who wish to downsize. A new post was established in 2011 to identify, help and support tenants, who are under-occupying, to move. The support includes helping vulnerable people with all aspects of the move.

2. Do you intend to revise your allocation scheme in order to make it easier for under-occupying social tenants to downsize to more appropriately sized accommodation?

Rotherham already provides for this in its existing policy and would not seek to amend it.

3. If so, what changes to your allocation scheme will you be considering – to make it easier for under-occupying tenants to downsize?

We believe that our existing policy is appropriate to local circumstances and have no immediate plans to change the existing policy in relation under-occupying.

- 4. Do you agree that members of the Armed Forces and former Service personnel should not be disqualified on residency grounds? Is 5 years from the date of discharge an appropriate time limit for this restriction? If not, what would be a more appropriate period?**

Rotherham Council has in place an armed forces covenant, which gives additional consideration to the needs of ex- service personnel. Consequently, we agree that members of the Armed Forces and former Service Personnel should not be disqualified on residency grounds. These provisions recognise the position of members of the armed forces whose employment requires them to be mobile/resident abroad and who are likely to be particularly disadvantaged by residency requirements.

- 5. Does the draft guidance provide sufficient clarity on how to implement the new power for housing authorities to set their own allocations qualification criteria? If not, in what areas would more guidance be useful?**

There is very little detail in the Code of Guidance around what can and cannot be included in the qualification policies; it would appear that local authority landlords have the flexibility to include a range of qualification criteria. The sector has an appetite to include rent arrears and behavioural history as qualification criteria, consequently excluding significant numbers of people in housing need from social housing (including statutory homeless households who are owed a duty). Households who do not qualify will have to consider accommodation in the private rented sector and there are concerns that some private sector landlords may not let their properties to such potential tenants.

Households that are placed in temporary accommodation, and have been owed a duty under homelessness legislation, yet do not qualify for the housing register, will also have no option but to consider and accept an offer from the private rented sector, however, this could result in fewer 'blockages' in temporary accommodation.

- 6. Do you agree that the bedroom standard is an appropriate measure of overcrowding for the purpose of according reasonable preference? If not, what measure do you consider would be more appropriate?**

Yes, we agree that the bedroom standard definition of overcrowding clearly sets out whether the number of people sleeping in the dwelling contravenes the 'bedroom standard'.

- 7. Should this guidance provide advice on how to define 'overcrowding' for the purpose of according additional preference? If so, would an appropriate measure be two bedrooms or more short of the bedroom standard?**

Clarity is always helpful to avoid inconsistency across providers and two bedrooms or more is an excellent starting point.

- 8. How does your allocation scheme currently define ‘overcrowding’ for allocation purposes? Does it, for example, use the bedroom standard, the statutory overcrowding standards in Part 10 of the Housing Act 1985, or another definition? If the last of these, please provide brief details.**

Rotherham’s allocation policy defines overcrowding by;

- a) the standard specified in section 325, Housing Act 1985 (the room standard), or
- b) the standard specified in section 326 (the space standard)

If the assessment determines that the household is not statutory overcrowded but does not meet the bedroom space standard as defined in appendix 1 of the LACORS’ regulations (which is based on ages and family composition) the housing application will be placed in the general plus group and dated from the date notification.

- 9. The Government proposes to regulate to require housing authorities to frame their allocation scheme to provide for former Service personnel with urgent housing needs to be given additional preference for social housing. Do you agree with this proposal?**

Yes, we agree with this proposal. Rotherham has signed a Rotherham Armed Forces Community Covenant where local members of the armed forces, both past and present, together with their families, receive a public promise of support from the people of Rotherham. The Armed Forces Covenant published by Government last June, supports and complements the Rotherham Community Covenant.

- 10. Does your allocation scheme already make use of the flexibilities within the allocation legislation to provide for those who have served in the Armed Forces and be given greater priority for social housing? If so, how does your scheme provide for this?**

Rotherham’s allocation policy already awards the highest level of priority to former service personnel on discharge;

- applicants remain in the general group
- when notification of discharge is received, and the applicant becomes in housing need, their application is amended to priority plus status.

- 11. If not, do you intend to take advantage of the flexibilities in the allocation legislation to provide for former members of the Armed Forces to be given greater priority for social housing? If so, what changes might you be considering?**

Rotherham had already used the flexibilities in allocation legislation to provide for Members/Former Members of the Armed Forces.

- 12. Does your allocation scheme already provide for some priority to be given to people who are in work, seeking work, or otherwise contributing to the community? If so, what changes might you be considering?**

Rotherham had local lettings policies in some areas of the Borough that award priority status to applicants in employment or training.

Rotherham has included community contribution in their consultation programme around the use of wider allocations criteria with the intention of increasing priority for some working households. The definition of a working household will need to be clarified (and evidence provided by the tenant).

13. If not, do you intend to revise your allocation scheme to provide for more priority to be given to people who are in work, seeking work, or otherwise contributing to the community? If so, what changes might you be considering?

Other possible community contribution criterion for consideration includes;

- Positive tenancy history and behaviour
- Pre-tenancy qualification (formal NVQ or attendance of a good tenant course with an interview at the end)
- Evidence of community contribution through voluntary work

14. Are there other ways in which housing authorities can frame their allocation scheme to meet the needs of prospective adopters and foster carers?

Rotherham's allocation policy already includes prospective adopters and foster carers in housing need in the highest level of priority status.

15. Does the draft guidance provide sufficient clarity on the extent of flexibilities available to housing authorities when framing their allocation scheme?

The draft guidance could include further examples of applicants to be awarded/excluded from reasonable preference and community preference categories.

I trust this information is helpful; should you require further assistance please do not hesitate to contact this office.

Yours faithfully

Councillor R McNeely
Cabinet Member for Safe and Attractive Neighbourhoods

Appendix 2

**Strategic Housing and Investment Service
Neighbourhood & Adult Services**

Riverside House, Main Street

Rotherham S60 1AE

Tel: (01709) 255047 Fax: (01709) 823154

Email the Council for **free** @ your local library!

Our Ref: Wendy Foster

Your Ref:

Date: ?? March 2012

Dear Sirs

Consultation Response: Social Housing Fraud

Rotherham Metropolitan Borough Council (RMBC) has a stock of some 21,000 properties and feels its housing stock is an integral part of not only the Borough's housing market but the Borough's economy. There are currently more than 29,000 housing applicants on our register, illustrating the high demand for social housing in Rotherham.

Measures which support local authorities and other housing providers in tackling tenancy fraud, and ensuring fair access to valuable housing stock, are welcome.

Please find below Rotherham Metropolitan Borough Council's Consultation Response:

Q1 Do you agree that a new criminal offence should be created?

The proposal to include housing fraud as a criminal offence sends a strong message regarding the seriousness of committing tenancy fraud. On balance, there are few incentives to allocate resources to pursue possession through civil court; similarly there is little deterrent for those seeking to profit from subletting or other forms of tenancy fraud.

Q2 What would you consider to be a suitable maximum penalty for Crown court conviction for tenancy fraud?

Unlawful sub-letting and occupation of social housing deprives families from accessing much sought after affordable housing and can lead to a financial loss to the public purse. It is unacceptable for tenants to gain financially through tenancy fraud therefore we support the proposed £50,000 fine/2 years maximum imprisonment.

Q3 Do you agree with our core proposal to give a broad definition to tenancy fraud? Which form should be included?

The broader definition of tenancy fraud should include;

- Giving false information in order to obtain an offer of housing
- Sub-letting the whole home
- Remaining in a property after the named tenant has left or died (in some cases there is a right to succeed but this only applies where certain conditions are met and the landlord has been made aware of the named tenant's departure)
- Gaining financially or otherwise from retaining a tenancy without occupying the property

Q4 Do you agree that restitution payments should be introduced and if so should they be available in both civil and the criminal court?

Profits gained through tenancy fraud should be available to landlords who seek possession in order to cover costs incurred. With the potential increase in financial gain through incentivised Right to Buy, local authorities should not carry the financial burden of identifying and tackling tenancy fraud just as fraudsters should not be allowed to keep hold of monies gained through tenancy fraud.

Restitution payments may be viewed as a disincentive to potential fraudsters and Rotherham would like to see these payments available through both civil and criminal court.

Q5 Should local authorities have the power to prosecute for tenancy fraud?

Yes, local authorities should have the power to prosecute for tenancy fraud; this would align with power to prosecute against housing benefit fraud.

Q6 Do you agree that a mandatory gateway should be introduced ?

A mandatory gateway would offer another tool to local authority landlords to help build a case against tenancy fraud and Rotherham would welcome this.

Q7 Do you agree that a mandatory gateway should cover banks building societies and utility companies? Should other data holders be included?

The address held by utility suppliers and financial organisations usually offer a strong indication of an individual's current abode. Other data holders could include letting agents and the Benefits Agency.

Q8 How the intention to return should be amended? What would be an appropriate period of time for which a tenant could be absent? What would constitute a voluntary absence?

Further guidance regarding the length of time a tenant can be absent from their property would be welcome. Residents' absences through hospital treatment, residential admittance, rehabilitation and incarceration are understood but ambiguity around intention to return can lead to tenanted properties being unoccupied for very long periods of time. In light of the huge demand Rotherham has for its council housing, this is unacceptable.

Q9 Should assured tenancies be brought into line with secure tenancies, meaning that status cannot be regained once the whole of the property has been sublet?

Yes. This may also act as a disincentive and bring parity across both tenancy types.

Q10 As a social landlord, which factors would you consider when deciding whether to pursue a case using the criminal rather than civil route, e.g. strength of evidence, length of time the home has been unlawfully occupied, amount of money involved history of the tenant , etc? How often do think you would pursue cases using the criminal law?

The decision to seek possession would be based on the strength of the evidence gathered, the chance of securing possession, the resources needed to gain possession and the individual circumstances of the case, including length of time and monetary gain.

Rotherham's experience of tenancy fraud is fairly limited and the couple of cases encountered have been swiftly resolved through the tenant quitting the property prior to RMBC beginning proceedings. It is difficult to gauge the extent to which RMBC would pursue cases using criminal law.

Q11 As a social landlord, how would the creation of a new criminal offence influence the likelihood of you taking cases of tenancy fraud to court rather than simply accepting a tenant voluntary termination of their tenancy

The decision to pursue tenancy fraud is likely to depend on the extent of the fraud and the likelihood of success, recovering costs and seizing profits from the convicted person(s).

Q12 As a social landlord how many requests for data for matters related to tenancy fraud would you envisage submitting per year and to what type of organisation would you expect the majority of your requests be submitted

Rotherham would be looking at a relatively small number of requests as we currently experience low numbers of tenancy fraud. We would look primarily at receiving information from utility companies, banks and government departments.

Rotherham is currently working with a private sector company to do a sweep of our housing database and compare information of suspected fraudsters against information held with tenants' mobile phone contractors, other creditors and utility suppliers to determine the likelihood of tenancy fraud.

Once this work is completed Rotherham will have a much better idea of the extent of tenancy fraud occurring in its housing stock and the number of occasions we are likely to submit requests through the gateway.

Q13 As a data holder, what do you believe would be the unit costs of processing a data request

We currently charge a unit price of £25 for a tenancy reference, for example in the Right to Buy process.

I trust this information is helpful; should you require further assistance please do not hesitate to contact this office.

Yours faithfully

Councillor R McNeely
Cabinet Member for Safe and Attractive Neighbourhoods

**ROTHERHAM BOROUGH COUNCIL - REPORT TO CABINET MEMBER FOR
SAFE AND ATTRACTIVE NEIGHBOURHOODS**

1.0	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.0	Date:	19 March 2012
3.0	Title:	Housing Investment Programme (HIP) 2011/12
4.0	Directorate:	Neighbourhoods and Adult Services

5.0 Summary

This report presents progress to date on the 2011/12 Capital Programme, together with a forecast outturn position to the end of the financial year based upon activity as at the end of January 2012.

Based upon activity to date there is a forecast under spend of £1.214m against the revised budget of £23.700m. The under spend will be carried forward into 2012/13 to meet the costs of schemes slipping into next year.

In addition, the government has now announced the final debt settlement figure of £15.188m payable by Rotherham as part of the HRA self-financing initiative. This sum will be funded by additional borrowing in line with government guidelines. This sum is in addition to the current forecast spend within the approved HIP budget.

6.0 Recommendations

- That Cabinet Member receives and notes the revised budget position and the latest financial forecast.
- That forecast savings and slippage on schemes within Capital Works to Properties are utilised to offset forecast increased spend on other schemes within the same category.

7.0 Proposals and Details

7.1 Background

7.1.1 This budget report is based upon actual expenditure and commitments at the end of January 2012 (P10) which has been forecast to the end of the financial year to give a projected outturn position compared to budget.

7.1.2 The P10 monitoring position is forecasting a total outturn of £22.486m against the revised budget of £23.700m as demonstrated within the table below.

	Revised Budget £000's	P10 Forecast £000's	Variance £000's
Refurbishments	4,786	4,533	-253
Other capital works	4,862	4,800	-62
Total capital works to properties	9,648	9,333	-315
Fair access to all	3,339	3,339	0
Regeneration / Neighbourhood Renewal	4,012	3,194	-818
Other public sector	6,701	6,620	-81
Total revised capital programme	23,700	22,486	-1,214

The balance of this report will provide an overview of progress to date on the main spending heads of the HIP Programme.

7.2 Details

7.2.1 Total Capital Works to Properties

It can be seen from Appendix A and the table above that the total forecast spend on capital works to properties is £9.333m compared to a budget of £9.648m, an under spend of £315k. This is a substantial change to the P07 forecast which was projecting an under spend of £522k. The change in the forecast is due to:-

Refurbishments

A total of £4.786m has been budgeted in 2011/12 to undertake refurbishment works on properties, and based upon activity to date, the forecast outturn is £4.533m, an under spend of £253k.

The previous report identified the fact that there is a high level of refusals by tenants for internal works. This, together with savings on the window replacements budget of £270K made up the substantial forecast savings previously reported.

Works which were originally scheduled to be undertaken in 2012/13 have now been accelerated into the current year in order to utilise savings and slippage elsewhere within the programme. This has allowed us to carry out some works for our tenants earlier than previously anticipated.

The accelerated work has reduced the forecast under spend from £522k down to £253k.

The status of the refurbishment works at the end of January can be summarised as follows:

- 1 internal refurbishment scheme is complete (55 dwellings) and 5 (314 dwellings) are ongoing. Of these 146 dwellings have been completed
- 5 external refurbishment schemes are complete (151 dwellings) with a further 2 schemes (128 dwellings) in progress in the Swinton area
- Roofing work at Maltby (30 dwellings) is now complete
- Windows to 33 properties at Rotherham North and 75 properties in Rother Valley South have been completed; a further 59 properties are in progress in Rother Valley South.

Other Capital Works

Appendix A of the report identifies that the forecast outturn for other capital works is £4.800m which when compared to budget of £4.862m shows an under spend of £62k. Whilst this is a minor change compared to the P07 forecast of a £55k under spend, there has been significant movement within the individual schemes of works as shown in the table below:-

	Budget	P07	P10
	£000's	Forecast	Forecast
		£000's	£000's
Empty Homes	1,500	1,890	2,173
Central Heating	500	781	765
Electrical Board & Bond	60	164	166
Asbestos	0	285	185
Environmentals	500	273	326
EPC Improvements	405	0	0
Flat Door Replacements	500	140	148
District Heating	400	272	273
Safer Homes (Communal Doors)	300	300	170
Community Centres	150	155	0
Lift Replacement	80	80	80
Communal Aerial	10	10	11
Asbestos Removal	82	82	82
One-off Properties	300	300	336
EPC Surveys	75	75	85
	4,862	4,807	4,800

The paragraphs below highlight the main changes as follows:-

Empty Homes

The previous monitoring report identified a potential £390k overspend on works to void properties due to an increase in the number of major voids together with a high average value of works.

The current forecast overspend is £673k which is an increase of £283k from the previous forecast. This has arisen due to a further increase in the number of major voids being completed.

Considerable work has been ongoing with both external contractors and overall the back-log of voids with contractors has reduced substantially. On 31 January 2012, Willmott Dixon had 8 and Morrison had 74 voids at various stages of completion. All other properties issued to them had been completed.

Due to the responsive nature of empty homes it is difficult to make accurate forecasts of the actual number in year and this forecast is considered to be "prudent".

Monitoring continues on a weekly basis, if turnover on voids reduces there will be a reduction in the forecast spend.

Savings elsewhere within the Capital Programme can be utilised to meet the increased forecast spend on this budget head.

Central Heating

The Central Heating budget is forecasting to outturn at £765k, an increase of £265k above budget. This is £16k lower than reported at P07.

This is due to the issue of a scheme of essential work to repair / replace burners in Buderus boilers (£84k) and the requirement to replace other boilers which are uneconomic to repair. The increased costs can be met from the reduced Flat Door Replacement scheme as detailed below.

Electrical Board & Bond

Urgent remedial electrical work has been identified from earlier fixed wire testing which has resulted in an increase in the forecast outturn to £166k, an increase of £106k over budget. The increased cost of these essential works can be met from slipping low priority EPC works into 2012/13.

Safer Homes (Replacement Communal Doors)

A scheme with a value of £170k has been identified and issued to contractors. In view of the proximity to year end and the lead times to acquire the doors it is unlikely that more doors can be fitted this year resulting in a saving of £130k against budget to be utilised elsewhere in the capital programme. Outstanding works will be slipped into 2012/13.

Community Centre Improvements

Work currently identified to improve community centres is minor and of a revenue nature. Capital work programmes are currently being reviewed with a view to commencing in 2012/13. This has resulted in slippage of £150k on this budget head.

Asbestos

Following approval of the Asbestos report through delegated powers on the 31 October 2011, a budget line of £285k was incorporated into the budget and replaced the EPC improvements budget which had been identified as low priority and slipped into 2012/13.

Based on the expenditure on testing to P10, the year end forecast has been reduced to £185k resulting in a saving of £100k against the position reported at P07. This has been allocated to voids.

Environmentals

Schemes with a value of £273k had been identified and issued at P07. The costings for these have been refined by the contractor and a further scheme, Ridgeway Parking Bays, has been added to the programme resulting in a revised forecast of £326k; an increase of £54k over the position reported at P07.

Flat Door Replacements

As a result of the re-assessment and re-prioritisation of work on doors, at P07, the forecast was reduced to £141k resulting in a saving of £360k against budget. The position has not changed significantly since P07. Other lower priority works will be slipped into 2012/13.

The savings will be used to meet the cost of the Buderus boilers scheme identified above and to meet (in part) increased forecast spend on empty homes.

The other schemes identified under "other capital work" are progressing with forecast outturn in line with budget.

Overall it can be seen that there is a net forecast under spend of £315k on Capital Works to Properties and that increased spending requirements on highlighted schemes can be met through savings and managed slippage elsewhere in the Programme. Resources not drawn down in 2011/12 due to the under spend will be carried forward into 2012/13.

In addition to progress on schemes within the Programme of works, the previous monitoring report highlighted the fact that Morrison's had issued an Early Warning Notice against the contract to meet the costs of the workforce being unproductive due to delays in getting schemes to site. Whilst a sum of £226k has since been attributable to this notice it is anticipated that an increase in turnover for the contractor forecast due to increased voids on both capital and revenue will mitigate this claim.

7.2.2 Fair Access to All Disabled Adaptations

It can be seen at Appendix A that a budget of £1.739m has been established to meet the cost of private sector aids and adaptations with a further £1.600m for public sector clients. The budget holder is forecasting to out turn in line with budget provision.

7.2.3 Regeneration / Neighbourhood Renewal – Private and Public Sector

The forecast spend based upon activity to P10 is £3.193m which is £818k lower than the revised budget and P07.

The main changes to the forecast are as follows:-

Maltby Transformational Change

The Maltby Transformational Scheme has been ongoing since 2006 with the ultimate objective to regenerate the area through private developers.

This year's budget was established to acquire two properties in order that existing tenants could be re-housed thus freeing up existing properties for demolition and redevelopment. Acquisition costs have proved prohibitive and the tenants will now be relocated within existing stock.

This has led to a reduction in the forecast out-turn down to £70k to meet existing demolition costs and other site works.

Dinnington Transformation Plan

The original budget sum of £304k was to meet the costs of acquiring two properties as part of this gateway scheme for street scene enhancements. In light of the protracted negotiations over these properties the plan was amended to acquire one property only in this financial year at an estimated cost of £155k and the budget was revised to £155k to reflect this position.

The latest position is that negotiations are unlikely to be concluded for either of the two properties. The forecast has therefore been reduced to £30k to cover legal fees and related issues.

Canklow Phase 1 & 2

As reported previously, this is a large site designated for clearance and approved by Cabinet Member in 2009.

The revised budget spend of £915k at P07 was based upon the acquisition of 22 properties within phase 2 with additional acquisitions scheduled for 2012/13.

As with the Maltby and Dinnington projects, protracted negotiations for the acquisition of properties has led to a revision in the forecast with the latest forecast spend of £515k in this year with the balance slipping into 2012/13. The budget has been adjusted to reflect this fact.

As at the end of January six properties have been acquired.

Bellows Road Service Centre Clearance

This is a redevelopment scheme for the Rawmarsh High Street Shopping Centre.

Negotiations between the main contractor and Tesco have been protracted which has led to a reassessment of the site. As a result the £120k forecast spend at P07 has been reduced to £80k with the balance of the funding to be slipped into next year. Budgets have been amended to reflect this position.

Ship Inn

This property was acquired for demolition to redevelop and enhance the canal area. Demolition costs have escalated to £95k as the property is close to a highway and needs to be demolished by hand. The forecast has been increased to reflect this.

Occupation Road

This is a new scheme to remodel a garage site which is causing management issues and ASB. The development proposals have been delayed and the forecast has been reduced to £5k to reflect this.

Non-Trad investment

The majority of essential structural works on non-traditional properties was carried out in earlier years. Current work is predominantly thermal cladding thus resulting in substantially lower costs and reduced urgency. This is reflected in the reduced forecast spend in year, and future years budget provision will be reduced accordingly.

Capitalised salaries

A sum of £235k has been included within the forecast out-turn position for capitalised salaries. These costs will be allocated to individual schemes at the end of the financial year.

7.2.4 Other Public Sector – New Build

Appendix A of the report identifies that the revised estimate which includes resources brought forward from 2010/11 for New Build is £6.701m. The current forecast is £6.620m, resulting in a saving of £81k.

This is as a result of:

- the removal of contingencies as the final accounts are agreed with contractors as projects are completed
- the agreement of variations and fees for changes to specifications

These costs can be met from the New Build funding stream which was secured in earlier years.

As at the end of January all properties have been completed and handed over.

Summary

Overall the revised HIP forecast to the end of 2011/12 is an under spend of £1.214m against the revised budget. Whilst there have been substantial changes to forecast spend within individual schemes; increased costs can be off-set by savings and planned slippage.

In addition to the foregoing, it should be noted that the government has now announced the debt settlement figure for Rotherham under the HRA self-financing initiative. This figure is £15.188m and it will be treated as capital expenditure within the HIP. The settlement will be funded by borrowing. Both transactions will be included in the capital out-turn report at the end of the year.

8.0 Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP.

FUNDING POSITION

SOURCE	Adjusted Budget £m	Forecast Out-turn £m	Variance £m
New Build Grant	2.200	2.200	0
New Build Bonus	0.458	0.458	0
Regional Housing Board	0.452	0.778	0.326
General Fund Contribution	0.760	0.643	-0.117
Major Repairs Allowance	12.263	11.583	-0.680
Capital Receipts Assumed by NIS	0.948	0.170	-0.778
Revenue Contribution by Capital Outlay (RCCO)	0.800	0.800	0
Disabled Facilities Grant	0.979	1.096	0.117
Prudential Borrowing	4.135	4.058	-0.077
CERT – New Build	0.366	0.361	0.005
Capital Receipts - RTBs	0.339	0.339	0
Total Funding Available	£23.700	22.486	-1.214

It can be seen that, in light of the savings/slippage within the programme, the forecast funding requirements have been reduced to match forecast spend.

The main variances to funding are as follows:

- Regional Housing Board – increase of £326k.

This funding stream has been increased to meet the cost of capitalised salaries of £253k which will be distributed across schemes at the end of the financial year, together with minor changes to scheme costs.

- General Fund Contribution – decrease of £117k.

DCLG have recently awarded an additional allocation of Disabled Facility Grant which underpins the Private Sector Aids and Adaptations. The increase in government funding has resulted in a reduction of the contribution which the Council has to make.

- Major Repairs Allowance (MRA) – reduction of £680k.

It can be seen that the forecast level of MRA to be used to fund Public Sector works to properties has fallen. This is due to the slippage and savings in expenditure identified elsewhere in this report.

MRA funding not used in 2011/12 will be carried into 2012/13.

- Capital Receipts – reduction of £778k.

Due to the forecast reduction in spend within the Private Sector Regeneration Schemes and the New Build Programme, the forecast capital receipts required has reduced by £778k.

These receipts will be carried forward into 2012/13 to meet the costs of on-going works within the regeneration programme.

9.0 Risks and Uncertainties

There are various risks in delivering the Capital Programme within resources as detailed below, together with how the risks are being mitigated.

- Voids – potential overspend if the number of empty homes continues to rise.
Mitigation – weekly monitoring.
- Capital Receipts. As in previous years the HIP is supported by Right to Buy receipts of which the Council has no direct control but monitors levels very closely.
Mitigation: Ongoing monitoring.

10.0 Policy and Performance Agenda Implications

The HIP supports the new Corporate Plan Priorities and is central to the longer term Housing Strategy:

- Making sure no community is left behind
- Helping to create Safe and Healthy Communities
- Improving the environment

11.0 Background Papers and Consultation

Reports to Cabinet Member for Safe and Attractive Neighbourhoods 6 June and 12 December 2011.

Contact Name:

Maureen Gatt, Finance Director Neighbourhoods and Adult Services, RMBC (ext: 2288; e-mail maureen.gatt@rotherham.gov.uk)

Document is Restricted

Document is Restricted