

CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS

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

Date: Monday, 2nd July, 2012

Time: 10.00 a.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. Neighbourhoods General Fund Revenue Outturn Report 2011/12 (Pages 1 - 5)
4. Housing Investment Programme 2011-12 Indicative Outturn (Pages 6 - 14)
5. Council Housing - Sub-Letting and Lodgers (Pages 15 - 19)

The Cabinet Member authorised consideration of the following report received after the deadline to progress the matters referred to.

6. Housing Revenue Account 2011/12 Outturn Report. (Pages 20 - 26)
7. 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 2 of Part I of Schedule 12A to the Local Government Act 1972 (information likely to reveal the identity of an individual).
8. Petition - Storm House (Page 27)
9. Petition - Maltby

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS
2.	Date:	2nd July 2012
3.	Title:	Neighbourhoods General Fund Revenue Outturn Report 2011/12
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report details the Revenue Outturn position for Neighbourhoods Services accounted for in the General Fund for 2011-12. A separate report will cover Housing Revenue Account (HRA) services.

The final 2011/12 budget for the service after in year virements was £3.345m. The 2011/12 outturn position against budget is a net under spend of £509k or 15.22%.

It should be noted that two requests to carry forward unspent balances will be included in the Council's consolidated outturn report to Cabinet (4th July 2012) as follows:

- Members' Community Leadership Fund £19,620
- Dispersed Units (now treated as a Trading Account) £40,091

6. Recommendations

THE CABINET MEMBER RECEIVES AND NOTES THE UNAUDITED 2011/12 REVENUE OUTTURN REPORT.

7. Proposals and Details

The revised cash limited budget after supplementary estimates and budget virements was £3,344,649, the net Revenue Outturn for Neighbourhoods General Fund services for 2011/12 was £2,835,202. This resulted in an overall underspend of £509,447 (a variation of 15.22%). This represents an increase in the underspend of £139k previously reported, largely due to the further impact of the Council wide moratorium on non-essential spend and controlled vacancy management.

This underspend has been achieved as a result of a range of issues including a stringent moratorium on non essential spend, careful vacancy management and a small number of 'windfall' non recurring issues. As a result of these actions, some services have suffered. However the approach has been necessary as part of a range of measures designed to ensure that the council is able to achieve a balanced budget. It is not anticipated that this position will be replicable in future years.

The table below shows the summary outturn position for the Service.

SERVICE	Annual Budget (Net)	Outturn to 31st March 2012	Variance from Budget Deficit/ (Surplus)	Overall
	£	£	£	%
Safer Neighbourhoods	2,083,700	1,948,925	(134,775)	(6.47)
Business Regulation	316,353	220,109	(96,244)	(30.42)
Neighbourhood Investment	76,346	64,920	(11,426)	(14.97)
Neighbourhood Partnerships	277,058	223,144	(53,914)	(19.46)
Asylum	0	0	0	0
Housing Access	344,586	313,548	(31,038)	(9.00)
Housing Choices	246,606	64,556	(182,050)	(73.82)
Total Housing & Neighbourhood Services	3,344,649	2,835,202	(509,447)	(15.22%)

Detailed analysis of the key areas of underspend are included in Appendix 1. The main variations within each of the service areas can be summarised as follows:-

7.1 Safer Neighbourhoods (£135k)

A significant amount of the savings achieved within Safer Neighbourhoods was as a result of vacant posts and Voluntary Severance/Retirement and the impact of the Council wide moratorium on non-essential expenditure (£112k). There was an additional underspend (£11k) within Domestic Violence due to the late cancellation of planned training after the provider was unable to deliver the programme. One-off income was received in the Community Safety Unit (£12k) which reduced staffing costs within this area.

7.2 Business Regulation (£96k)

The bulk of the savings in this area were as a result of vacancy management throughout the year (£45k) and additional one-off income within the Food & Drugs area (£27k) and increased income within the Bereavement Services. In addition, the Licensing Service incurred reduced ICT costs (£18k) which helped to contribute to the overall savings.

7.3 Neighbourhood Investments (£11k)

The savings are as a result of a vacant post within the Energy Advice service (£8k) and some small savings as a result of interest received through the Equity Loan Scheme.

7.4 Neighbourhood Partnerships (£54k)

There was an underspend of (£28k) as a result of Members' Allocations not being fully spent in the year within Community Leadership Fund, £20k of which was submitted on 2nd April 2012 to the Cabinet Member meeting for Community Development, Equality and Young Persons Issues as a request to Cabinet for carry forward of an earmarked balance to 2012/13 (minute number 58).

Some savings were achieved due to Vacancy Management and tight controls on Supplies & Services within the Area Assemblies totalling (£10k). There was also an underspend in the Management & Admin area of this service due to savings achieved on Supplies & Services (£20k) which was partially offset by costs incurred for the Local Ambition Programme that were ineligible for the grant funding (+£5k).

7.5 Housing Access (£31k)

The underspend within this service area was as a result of Vacant Posts during the year within the Adaptations Service (£15k) and the Management & Admin area (£14k). In addition some small savings were made as a result of a reduced Insurance Premia.

7.6 Housing Choices (£182k)

There was an underspend of (£58k) for the cost of Lighting of Communal Buildings mainly due to a number of late refunds relating to previous year's costs.

The Homelessness service underspent (£30k) as a result of the availability of grant funding to support this service.

The Key Choices Property Management area generated a surplus of (£25k) due to increased numbers of properties being let resulting in an increase in management fees. It is hoped that in the future this will continue to increase and the service will eventually become self financing.

There was an overall underspend of (£29k) within the 'Credit Crunch' area of this service that provides short term loans to prevent Homelessness. This is mainly as a result of the use of External Funding.

The Dispersed and Furnished Unit generated a surplus in excess of budget of (£40k) during the year and this service will now be treated as a Trading Account from 2012/13 onwards and a request to carry forward this underspend has been made to Cabinet as part of the Council's Outturn Report (4th July).

7.7 Agency & Consultancy

Neighbourhoods have had no Agency or Consultancy expenditure in 2011/12

8. Finance

Financial implications for each service area have been discussed in section 7 above.

Requests for carry forwards totalling £59,711 will be made to The Cabinet as part of the Council's overall Outturn report:

Members Community Leadership Fund	£19,620
Dispersed and furnished Units	£40,091

9. Risks and Uncertainties

Confirmation of this outturn position is subject to external audit verification during July/August.

10. Policy and Performance Agenda Implications

The delivery of the Council's overall Revenue Budget within the limits determined for 2011/12 is vital to achieving the Council's Policy agenda. Financial performance is a key element to demonstrate of the Council's effective use of resources.

11. Background Papers and Consultation

- Report to Cabinet February 2011 – Proposed Revenue Budget and Council Tax for 2011/12

The contents of this report have been discussed with the Strategic Director of Neighbourhoods and Adults and the Director of Financial Services.

Contact Name: Mark Scarrott, Finance Manager (Neighbourhoods and Adult Services) Extension 22007, mark.scarrott@rotherham.gov.uk

Reasons for Variance from Approved Budget 2011/2012

<u>Division of Service</u>	<u>Under (-) / Over (+) Spending (£)</u>	<u>Under / Over Spending as a % of Approved Budget</u>	<u>Key Reasons (for variances +/-£25k or +/-5%)</u>
<u>SAFER NEIGHBOURHOODS</u>			
MANAGEMENT & ADMIN	-11,529	-3.0%	
COMMUNITY PROTECTION	-88,777	-6.6%	Vacancy management savings, tight controls on Supplies & Services plus additional income.
PEST CONTROL SERVICE	14,690	35.6%	Shortfall on income partly offset by savings on Supplies & Services.
CLOSED LANDFILL SITES	-2,014	-2.4%	
COMMUNITY SAFETY UNIT (CSU)	-12,956	-6.4%	Additional one-off income contribution to admin costs received in 2011/12 only
DOMESTIC VIOLENCE	-15,385	-38.7%	Supplies & Services savings and cancellation of planned training course by Provider
ANTI SOCIAL BEHAVIOUR	-16,760	-332.5%	Savings as a result of vacant post plus small savings on Supplies & Services
HOME OFFICE ASB CHALLENGE/SUPPORT	-41	0.0%	
LAA REWARD GRANT - ASB	215	0.0%	
SAFER ROTHERHAM PARTNERSHIP - REV	-2,218	-0.1%	
SUB TOTAL	-134,775	-6.5%	
<u>BUSINESS REGULATION</u>			
HEALTH & SAFETY	-20,714	-15.3%	Vacancy management and small savings on Supplies & Services
FOOD & DRUGS	-104,883	-23.2%	Vacancy management, small savings on Supplies & Services plus additional income
ANIMAL HEALTH	1,179	1.6%	
TRADING STANDARDS	56,119	36.5%	Shortfall on income, small overspend Supplies & Services and vacancy factor not achieved.
LICENSING	-10,048	-8.2%	Vacancy management plus refunds for IT equipment.
BEREAVEMENT SERVICES PARTNERSHIP	-17,897	-4.8%	
SUB TOTAL	-96,244	-30.4%	
<u>NEIGHBOURHOOD INVESTMENT</u>			
PROGRAMME AREA MANAGEMENT	-7	0.0%	
ENERGY ADVICE	-8,324	-100.0%	Salary savings due to vacant Post
REGISTERED SOCIAL LANDLORD PARTNERSHIP INCC	-1,164	-4.0%	
EQUITY LOAN SCHEME	-1,931	0.0%	
SUB TOTAL	-11,426	-15.0%	
<u>NEIGHBOURHOOD PARTNERSHIPS</u>			
MEMBERS COMMUNITY LEADERSHIP FUND	-28,486	-31.9%	Members allocations not fully spent in year. See earmarked balance request (£20k).
MANAGEMENT & ADMIN/AREA ASSEMBLIES	-30,903	-16.5%	Supplies & Services savings
LOCAL AMBITION PROGRAMME	5,475	100.0%	Costs incurred after grant funding ended, including cost of External Audit which is ineligible for grant funding
SUB TOTAL	-53,914	-19.5%	
<u>HOUSING ACCESS</u>			
APADTATIONS SERVICE (PRIVATE SECTOR)	-14,793	-121.3%	Vacancy management savings
INFORMATION TECHNOLOGY	-1,599	-19.8%	Telephone bill refunds
HMA GENERAL	-3,675	-88.7%	Reduced insurance premium
HOUSING ASSOCIATION - MORTG. ETC	2,655	30.1%	Mortgage income less than budgeted due to the number of mortgages now fuully paid.
HOME IMP LOANS PHY H'CAP GEN	110	0.0%	
HGF MANAGEMENT & ADMIN	-14,330	-5.3%	Vacancy management savings
MEDICAL MOBILITY & COMMUNITY CARE	594	0.7%	
SUB TOTAL	-31,038	-9.0%	
<u>HOUSING CHOICES</u>			
LIGHTING OF STAIRCASES	-58,394	-87.5%	Large number of late refunds relating to previous years' energy bills
RIGHT TO BUY FLAT SERVICE	-496	-18.0%	Income from sold properties slightly more than budgeted
HOMELESSNESS & ADVICE	-29,627	-17.5%	Savings on Supplies and Services as a result of increased use of grant funding in this area
	-40,090	0.0%	Income generated by service now to be treated as a Trading Account. (see earmarked balance request £40k)
DISPERSED UNITS			
KEY CHOICES PROPERTY MANAGEMENT	-24,794	-100.0%	Income generated from Property Management in excess of budget.
EMPLOYMENT SOLUTIONS	0	0.0%	
EVICION/REPOSESSION PREVENTION	8,007	100.0%	Overall surplus as a result of receipt of external funding for loans. Balance of outstanding loans now transferred to Debtor Account.
LOW RISK-CREDIT CRUNCH	-36,656	-100.0%	
SUB TOTAL	-182,050	-73.8%	
<u>ASYLUM SEEKERS</u>			
ASYLUM SEEKERS	0	0.0%	
Total	-509,447	-15.2%	

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	2nd July 2012
3.	Title:	Housing Investment Programme 2011/12 Indicative Out-turn.
4.	Directorate:	Neighbourhoods and Adult Services

5.0 Summary

This report represents the indicative out-turn position for the 2011/12 Capital Programme.

As at the end of 2011/12, the final indicative spend on the HIP was £36.408m compared to a budget provision of £38.052m, an underspend of £1.644m.

The report will provide details of savings and slippage on the individual schemes of work with the overall programme, and highlights the fact that the resources not drawn down in 2011/12 will be carried forward into next year.

6.0 Recommendations

That Cabinet Member receives and notes the indicative 2011/12 out-turn position

7.0 Proposals and Details

7.1.1 This budget report is based upon the indicative out-turn position for the Housing Investment Programme (HIP) 2011/12.

7.1.2 The indicative out-turn position, which is subject to external audit, is total spend of £36.408m against the revised budget of £38.052m which has resulted in an underspend of £1.644m as demonstrated within the table below.

	Revised Budget £,000s	Out-turn 2011/12 £,000s	Variance £,000s
Refurbishments	4,786	4,210	-576
Other Capital Works	4,862	4,708	-154
Total Capital Works to properties	9,648	8,918	-730
Fair Access to All	3,339	3,102	-237
Regeneration/Neighbourhood Renewal	3,257	2,583	-674
Other Public Sector	6,620	6,617	-3
Total Revised Capital Programme	22,864	21,220	1,644
HRA Self-Financing Settlement	15,188	15,188	0
Total Overall Spend	38,052	36,408	-1,644

The balance of this report will provide an overview on the out-turn position 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 out-turn position on capital works to properties is £8.918m compared to the budget of £9.648m, an underspend of £730k.

This is a substantial change to the P10 forecast which was projecting an underspend of £315k. The change, at out-turn can be analysed as follows:-

Refurbishments

A total of £4.786m was budgeted in 2011/12 to undertake refurbishment works on properties and the indicative out-turn position is spend of £4.210m, an underspend of £576k. This is a change to the forecast out-turn position at P10, which was projecting an underspend of £253k.

The underspend from the P10 forecast is due to:

- An accounting adjustment of £81k which represents performance profit on capital works delivered through the external contracts. This element has been charged to the revenue element of the repairs and maintenance contract, thus resulting in savings within capital.
- The previous report identified that there has been a high level of refusals by tenants for internal refurbishment works. During the year any savings arising through refusals has been utilised to bring forward works scheduled to be undertaken during 2012/13. Whilst this has allowed us to carry out some works for our tenants, the accelerated works also experienced a high level of refusals thus generating

additional savings. These savings, together with minor savings on window replacements total £242k.

The actual refurbishment works completed during 2011/12 was as follows:

- Internal refurbishments completed to 401 properties.
- Roofing works to 30 properties.
- External refurbishment work completed on 297 properties.
- Replacement/improvement works to windows in 167 properties.

Other Capital Works

Appendix A of the report identifies that a total of £4.862m was budgeted in 2011/12 to deliver other capital works to properties and that the indicative out-turn position is spend of £4.708m and underspend of £154k.

When this is compared to the forecast out-turn position at P10, there is a minimal change of £92k. However, as can be seen within the table below there has been substantial movement within individual schemes of work.

	Budget £,000s	P10 Forecast £,000s	Out-turn 2011/12 £,000s
Empty Homes	1,500	2,173	2,154
Central Heating	500	765	1,110
Electrical Board and Bond	60	166	57
Asbestos	0	185	171
Environmentals	500	326	369
EPC Improvements	405	0	0
Flat Door Replacements	500	148	139
District Heating	400	273	180
Safer Homes (Communal Doors	300	170	109
Community Centres	150	0	0
Lift Replacement	80	80	0
Communal Aerial	10	11	11
Asbestos Removal	82	82	0
One off Properties	300	336	321
EPC Surveys	75	85	87
	4,862	4,800	4,708

The paragraphs below highlight the main changes as follows:-

Empty Homes

The previous report identified a potential overspend of £673k against the budget provision of £1.5m for capital (major) voids.

The indicative out-turn position is total spend of £2.154m, an overspend of £654k which is marginally below the P10 forecast.

At out-turn 185 major voids had been completed compared to an estimated turnover of 150. The increase in the numbers of major voids together with substantial increase in the average price of voids work accounts for the variance to budget.

The forecast overspend was identified early in the financial year and savings identified elsewhere within the Capital Programme were identified to meet the overspend.

Central Heating

The previous report identified a forecast out-turn on the central heating budget of £765k against a budget provision of £500k, an overspend of £265k.

The forecast increased out-turn at that time was due to the issue of essential work to repair/replace burners in Buderus boilers and the requirement to replace other boilers which are uneconomical to repair.

Since that report, an additional requirement was identified to replace existing ISA boilers which are generating substantial repair costs within the revenue programme.

In anticipation of savings elsewhere within the Programme, ISA boiler works, originally scheduled to commence in 2012/13 were brought forward.

This resulted in an indicative out-turn of £1.110m, as shown at appendix A, an increase of £345k from the P10 forecast. The increased costs can be met from savings on District Heating, lift replacement, asbestos and other minor savings.

Overall 320 number boilers/central heating schemes were replaced in 2011/12.

Electrical Board and Bond

The final indicative out-turn position on this budget head was £57k which was broadly in line with the original budget.

As at P10 this budget was forecasting to overspend by £106k due to an increase in works identified. However, an element of these works were revenue-type repairs which have been charged to the repairs and maintenance budget thus bringing spend into line with budget position.

District Heating

The out-turn position on this budget head was £180k compared to the original budget provision of £400k.

Final out-turn was £93k lower than the P10 forecast. This was due to savings on ongoing schemes and together with savings on a contingency sum for unforeseen major repairs work which was not required in year.

The savings identified on this budget head have been utilised to meet increase spend on central heating boilers.

Safer Homes – Communal Doors

The previous report identified that, due to the proximity to year-end, and the lead-in period for replacement doors to meet fire and health and safety standards, a schedule with an overall value of £170k had been issued to

contractors in this financial year. This represented a substantial saving on budget.

Since that report, the contractor has only achieved £109k of actual work and the remaining works within the schedule will be carried forward into 2012/13.

As a result, the out-turn position on this budget head was £109k; the additional savings in year have been utilised to meet the increased central heating costs.

Lift Replacements

Due to the lengthy lead-in period, the planned lift replacement at Beeverleigh Flats has been deferred into 2012/13. Savings of 80k generated in this financial year will be used to fund the increased spend on central heating. Overall savings on the HIP Programme, as identified elsewhere within the report will be carried forward into 2012/13 and an appropriate amount ear-marked to fund the deferred lift replacement.

Asbestos Removal

Asbestos removal costs have been charged directly to the individual capital schemes in 2011/12. This has resulted in savings of £80k on this budget head.

Summary

Overall it can be seen that there is a saving of £154k on Other Works To Properties which, together with the £576k savings on refurbishment works results in an overall underspend of £730k on total Capital Works to Properties.

Resources not drawn down in 2011/12 due to the savings identified will be carried forward into subsequent years.

In addition to progress on schemes within the programme of works, the previous report highlighted the fact that Morrison 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.

This position was totally mitigated during 2011/12 and, as a result, the Early Warning Notice was withdrawn without any penalty costs being incurred.

7.2.2 Fair Access to All – Disabled Adaptations

It can be seen at Appendix A that the overall spend on aids and adaptations in 2011/12 was £3.102m compared to budget provision of £3.339m, an overall underspend of £237k.

This can be analysed further as follows:-

- Aids and Adaptations. Private Sector. Indicative Out-turn £1.821m compared to a budget of £1.739m . This resulted in a slight overspend of £82k as officers responded to a demand led service and the need to ensure that all Disabled Facilities Grant (DFGs) applications are dealt within a statutory timeframe. During 2011/12 365 major

adaptations, 566 minor works and 1,922 minor fixings were completed from the private sector budget

- Aids and Adaptations – Public Sector. Indicative Out-turn £1.281m compared to a budget of £1.600m an underspend of £319k. The underspend arose as internal resources were shifted to target the private sector DFGs requirement to deliver works within statutory timescales.
- During 2011/12 399 major and 420 minor adaptations were completed, together with 996 minor fixings.

7.2.3 Regeneration/Neighbourhood Renewal – Private and Public Sector.

Overall, the indicative out-turn position for spend during 2011/12 on regeneration and neighbourhood renewal was £2.583m compared to a revised budget provision of £3.257m, an underspend of £674k.

This position can be analysed over public and private sector spend as follows:-

Private Sector

Based upon the forecast out-turn at P10, the budget provision for private sector regeneration work was reduced from £1.682m to £927k.

As can be seen at Appendix A the actual spend was £1.076m an overspend of £150k against the revised budget. This was due to the allocation of capitalised salaries across the various schemes.

At the end of 2011/12 the overall progress on the schemes was as follows:-

Maltby Transformational Change

Demolition and site preparation works completed in line with the master plan to regenerate the area through private developers.

Dinnington Transformational Change

Negotiations still ongoing to acquire two properties as part of land/site assembly in line with the master plan to regenerate the area through private developers. Budget provision has been made within the 2012/13 HIP to continue work at this site.

Canklow Phase 1 and 2

In total 8 properties were acquired in 2011/12 as part of the site clearance. Work will continue into 2012/13 and 2013/14 in line with future years' HIP allocation.

Bellows Road Service Centre Clearance

As reported previously works for the redevelopment of the Rawmarsh High Street Shopping Centre have stalled. Costs incurred in 2011/12 relate to the decanting of other occupants in the Centre, plus security and associated

costs. Provision has been made within 2012/13 and 2013/14 for major development works.

Ship Inn

Now demolished to facilitate the development of the canal area.

Public Sector

Total spend on public sector regeneration works during 2011/12 was £1.506m compared to the budget provision of £2.330m, an underspend of £824k, which, when compared to the P10 forecast is an increase of £436k

This is due primarily to delays in the start of non traditional properties schemes due to asbestos issues, and adverse weather conditions which prevented external rendering of properties. In total 90 non traditional properties were completed during 2011/12 , and work commenced on a further 65. Of the work in progress, 36 were completed by May of the current year. Budget provision has been made in 2012/13 to continue work on these schemes.

7.2.4 Other Public Sector New Build

As reported at P10, all new build works were completed at the end of December, and final out-turn on this budget head is £6.617m which is in line with the revised budget of £6.620m.

Overall, during 2011/12 132 new build properties were delivered and have subsequently been let.

7.2.5 Self-Financing Debt Settlement

The final Debt settlement figure for RMBC as part of the HRA self-financing initiative was an allocation of additional debt of £15.188m. This sum has been included within the final out-turn position for spend in 2011/12 as shown at Appendix A and, as a funding stream as shown in the funding statement at paragraph 8.1.

7.2.6 Summary

Overall the HIP indicative out-turn position for 2011/12 is spend of £36.408m compared to a budget provision of £38.052m, an underspend of £1.644m

This is an increase of £430k when compared to the forecast position reported to cabinet in February.

Savings and slippage identified within this report, are primarily across schemes funded through the Major Repairs Allowance (MRA). These resources will be carried forward into future years.

8.0 Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP in 2011/12

Source	Adjusted Budget £m	Out-turn £m	Variance £m
New Build Grant	2.200	2.200	0
New Build Bonus	0.458	0.458	0
Regional Housing Board	0.525	0.709	0.257
General Fund Contributions	0.643	0.707	0.064
Major Repairs Allowance	12.263	10.464	-1.799
Capital Receipts/Contributions Assumed by NIS	0.119	0.037	-0.154
Growth Programme	0	0.076	0.076
RCCO	0.800	1.050	0.250
Disabled Facilities Grant	1.096	1.101	0.005
Prudential Borrowing	4.059	4.039	-0.017
CERT – New Build	0.362	0.379	0.013
Capital Receipts RTBs	0.339	0	-0.339
Borrowing Self-Financing	15.188	15.188	0
Total Funding Available	38.052	36.408	-1.644

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

This funding stream has been increased to meet the cost of spend on private sector regeneration schemes utilising funds available from previous years.

General Fund Contribution

Paragraph 7.2 identifies an overspend on the private sector aids and adaptations budget which has resulted in the need to increase the borrowing requirement.

Major Repairs Allowance (MRA)

It can be seen that the £10.464m of MRA applied in year is substantial below the original budget of £12.263m.

This is as a result of the savings and slippage within public sector spending as identified elsewhere within this report.

The £1.799m un-utilised MRA will be carried forward into 2012/13.

Capital Receipts/Contributions

As a result of the increases in the drawdown of RHB monies, the majority of the capital receipts generated through the sale of land in 2011/12, will be carried forward into 2012/13 value £432k.

Revenue Contribution to Capital Outlay (RCCO)

RCCO is the application of revenue monies to fund capital spending. The original RCCO provision made within the 2011/12 revenue budget was £800k. However, due to savings within the 2011/12 HRA, the RCCO has been increased to £1.050m.

As a result, the RTB capital receipts generated in 2011/12 will not be used to fund capital expenditure in 2011/12, but will be carried forward into 2012/13 to be utilised to increase resources available for Disabled Facilities Grants – Aids and Adaptations.

Capital Receipts RTB

The preceding paragraph identifies that RTB receipts generated in 2011/12 will be carried forward into 2012/13. The actual receipts generated in year totalled £259k, slightly below the £339k budgeted sum.

9.0 Risks and Uncertainties

The 2011/12 Indicative Out-turn position will be subject to external audit Policy.

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 Health Communities
- Improving the environment

11.0 Background Papers and Consultation

Dave Richmond, Director of Housing and Neighbourhoods,
Stuart Booth, Director of Financial Services and Budget Holders have been consulted during the preparation of this report.

Reports to Cabinet Member for Safe and Attractive Neighbourhoods 6 June, 12 December, 2011 and February 2012.

Year-end Working Papers.

Report Author

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date	2nd July 2012
3.	Title	Council Housing - Sub-Letting and Lodgers
4.	Directorate	Neighbourhoods and Adult Services

5. Summary

The Housing Act 1985 allows all secure Council tenants to take in a lodger without the Council's permission. The Council can only object if the property would become statutorily overcrowded as a result. The Housing Act also allows secure tenants to sub-let part of the property provided that the Council's permission is sought and granted, and again, permission can only be refused if the property would be overcrowded.

This report sets out some of the issues associated with tenants taking in lodgers, and the actions RMBC can take as a result.

It proposes that the tenancy agreement and customer handbook should be updated, and a clear procedure document produced, along with guidance and training for staff and an information sheet for tenants.

6. Recommendations

- **Agree that the tenancy agreement and customer handbook should be amended to ensure clear wording around subletting and lodgers**
- **Agree that a clear and detailed procedure should be produced, alongside guidance and training for staff and an information sheet for tenants**

7. Proposals and details

7.1 Sub-letting

Sub-letting is when a tenant grants a 'sub-tenancy' to another person that allows them to have exclusive access to part or all of the home. Council tenants must occupy the property as their only or main residence and therefore they are not allowed to sub-let the whole property. If they do so, this is termed as 'unlawful sub-letting' and they can be evicted.

Secure tenants are legally allowed, however, to sub-let part of their home, provided that they seek permission from the Council. This is set out in sections 93 and 94 of the Housing Act 1985 and is commonly known as 'lawful sub-letting'. However, as a subtenant should technically have exclusive access to cooking and washing facilities, it is unlikely that we have any subtenants in our Council properties as kitchen and bathroom facilities would almost without exception be shared with the Council tenant. It is much more likely therefore that Council tenants take in lodgers.

7.2 Lodgers

Taking in a lodger is similar to sub-letting part of the home, as the rights of sub-tenants and lodgers are broadly similar and both usually involve sharing parts of the property with the Council tenant. However there are some important differences. A lodger rents a room in the Council tenant's home, not necessarily with 'exclusive access', and may receive some services from the landlord such as meals, laundry or cleaning. Arrangements are broadly less formal than for sub-letting.

Secure Council tenants are allowed to take in lodgers, in accordance with section 93 of the Housing Act 1985, and they are not legally required to seek permission from the Council. The Council can only object to lodgers if the property will become overcrowded as a result. Introductory tenants must seek permission.

7.3 National policy position

National policy in this area focuses on unlawful sub-letting and how landlords can tackle this and other types of social housing fraud. No changes are proposed to the legal rights of tenants to take in lodgers or to sub-let part of their home. In 2009, CLG issued a good practice guide for dealing with social housing fraud, which includes the requirement for Councils to have clear and detailed procedures for sub-letting and lodgers. In January 2012 Government launched a consultation that included taking tougher action against unlawful sub-letting – this does not apply to lodgers or sub-letting part of the home.

7.4 Information currently provided by RMBC

The tenancy agreement states that tenants must live in the property as their only or main home and therefore it is a breach of tenancy conditions to sub-let the entire property. This is clear and tenancy verification procedures are in place to ensure that when this happens, action can be taken. The tenancy agreement does not, however, contain specific reference to sub-letting all or part of the home and this report proposes that the agreement should be amended to include and clarify this.

As stated in 7.1, it is unlikely that we have any subletting and the rest of this report will therefore focus on lodgers.

Section 5 of the tenancy agreement terms and conditions states that secure tenants are allowed to take in a lodger, provided that it does not make the property overcrowded, while introductory tenants must seek written permission from the Council before taking in a lodger. The agreement does not require the tenant to inform the Council of the details of any lodgers and this report proposes that the agreement should be amended to encourage tenants to provide details of lodgers, reasons for which are set out in 7.5(D).

The customer handbook that is issued to all new tenants contains slightly different information to the tenancy agreement and must be updated to ensure it is accurate and aligns with the agreement and the information on our website.

7.5 Issues associated with lodgers

As set out in 7.2, tenants have the legal right to take in lodgers and unless the property will be overcrowded as a result, RMBC is unable to interfere with this right. There are, however, various issues to be taken into account:

- Tenants that take in a lodger or lodgers are likely to be under-occupying their property
- Tenants that take in multiple lodgers may be collecting more rent than their Council rent
- It is important that we have a clear procedure and information sheet for tenants
- We need to find out and record, wherever possible, the details of lodgers
- We need to take robust action where the behaviour of lodgers is causing a problem
- We need to be alert to potential indications of social housing fraud

Each of these is set out below with information on actions RMBC can take.

(A) Under-occupation

RMBC aims to encourage people who are living in Council properties that are too large for their needs to move into smaller properties, thus reducing their costs and freeing up homes for households that need them more. With the changes to the welfare benefits system, people who live in homes larger than they need will receive less housing benefit, and therefore more tenants will look to either move or take in lodgers to help with costs.

When RMBC becomes aware that a tenant is under-occupying a Council property (when, for example, a tenant enquires about taking in a lodger), the first action is to check whether there are any legal grounds for possession. The only circumstance in which the law allows the Council to remove a tenant from a property that is too large for them is under Ground 15A of Schedule 2 to the Housing Act 1985 *provided* that:

- The tenant is a successor
- It is less than 12 months since the Council learned that the previous tenant had died
- There is suitable alternative accommodation
- It is in all of the circumstances reasonable to make an order for possession having regard in particular the age and health of the tenant, the period of time that he or she has occupied the dwelling as his or her home, the location of family and any support network to the dwelling and to the alternative accommodation

If this is the case RMBC should consider whether to follow this route. In most cases this will not apply, and the tenant should therefore be referred to the downsizing project. RMBC has a down-sizing officer who proactively works with under-occupying tenants with a view to incentivising them to move into a smaller home. Although we have no legal power to prevent people from under-occupying, initiatives such as these can be effective.

If the tenant is unwilling to move the Council cannot withhold permission for the tenant to take in a lodger provided the property will not become overcrowded.

(B) Tenants that take in lodgers may be collecting more rent than their Council rent

There is very little the Council can do in these circumstances, other than referring the property to the downsizing officer and / or checking for any potential social housing or benefit fraud issues. In some cases it may be possible to argue that in taking in several lodgers and charging a commercial rent, that the Council tenant is conducting a form of trade or business at their home without the Council's consent, which breaches the provisions in clause 11 of the tenancy agreement (no trade or business from the dwelling without Council's permission). It is unlikely however that we would be successful in seeking possession on this basis.

(C) Procedure, guidance and information sheets for tenants

This report proposes that we produce a clear and detailed procedure document to cover all matters relating to subletting and lodgers, and to incorporate best practice as set out in the 2009 CLG toolkit. We will also produce an information sheet for tenants to include issues such as the impact on their housing benefit and to reiterate that the tenant is responsible for the behaviour of any lodgers.

(D) Obtaining and recording lodgers' details

Where possible we should obtain details of lodgers and enter them on the housing management IT system. There are clear benefits in having a better understanding of who occupies Council properties and how this contributes towards:

- Achieving best use of stock
- Reducing tenants' financial burden
- Preventing homelessness
- Tackling tenancy fraud
- Identifying fraudulent Right to Buy applications

(E) Antisocial behaviour caused by lodgers

If the lodger causes nuisance or annoyance, the Council tenant is in breach of their tenancy and possession can be sought under Ground 2 of the Housing Act 1985.

(F) Potential tenancy fraud

Staff should always be alert to the possibility of social housing fraud and understand how to tackle it. For example, the Council tenant may not be living in the property and therefore will have lost their security of tenure. Earlier this year, RMBC liaised with Fujitsu to explore the possibility of performing a pilot data scan of tenants' credit information with the aim of identifying patterns in tenant data to support the Council in identifying potential

tenancy fraud. Unfortunately, due to time constraints, this pilot was not delivered, however, the Fraud Team is currently considering proposals from other data matching agencies who have expressed an interest in carrying out a similar exercise. They are also looking at a number of potential tenancy fraud cases in Rotherham which may include an element of benefit fraud. It is envisaged that outcomes from these cases will help draft new social housing fraud procedures.

7.6 Summary of next steps

- Update tenancy agreement and customer handbook later in the year
- Produce clear and detailed procedure for staff
- Produce information sheet for tenants
- Ensure staff receive guidance and training on all issues relating to lodgers

8. Finance

There are no direct financial implications for RMBC, as the changes to the tenancy agreement will be made at the same time as the necessary changes resulting from the Localism Act, in the autumn.

There are financial implications for tenants, namely possible income tax implications should a RMBC tenant receive more than £5k per annum from lodgers, and welfare benefit implications for both the tenant and lodger.

9. Risks and uncertainties

If we do not implement the recommendations detailed in this report (i.e. to change the tenancy agreement / customer handbook and implement a clear and robust procedure for staff), the Council will not have a strong basis on which to take action against problems with sub-letting and taking in lodgers.

10. Policy and performance agenda implications

Rotherham's draft housing strategy states that we will make the best use of Council housing stock by ensuring that the right people are in the right homes.

11. Background papers and consultation

- RMBC tenancy agreement and customer handbook
- Tackling unlawful subletting and occupancy: Good practice guidance for social landlords (CLG 2009)
- Government's Social housing fraud consultation January – April 2012 and RMBC's response

Colleagues in Housing Options, Strategic Housing Investment Service, Housing Management and Legal Services have had an input into this report. Tenants will be consulted on changes to the tenant agreement and customer handbook later in the year.

12. Contact details

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 2nd July 2012
3.	Title:	Housing Revenue Account 2011/12 Outturn Report
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report presents the unaudited outturn position on the Housing Revenue Account (HRA) for the financial period 2011/12.

The report will show that the out turn position was an overall surplus (transfer to Working Balance) of £5.555m which was an increase on the budgeted sum.

The report summarises the key income and expenditure variances from the approved budget to demonstrate that whilst there was substantial increase in repair and maintenance costs, it has been possible to accommodate these within existing resources, as a result of savings in supervision and management costs, and with increased income.

Attached at Appendix 1 is the year end HRA Operating Statement for 2011/12.

6. Recommendations

THE CABINET MEMBER RECEIVES AND NOTES THE UNAUDITED HRA OUTTURN REPORT FOR 2011-12.

7. Proposals and Details

- 7.1 The final Housing Revenue Account (HRA) financial outturn position for 2011/12 was a surplus of £5.555m. This has been transferred to the HRA reserve (Working Balance). The key income and expenditure variances from budget are highlighted below.
- 7.2 Appendix 1 is the HRA's Operating Statement for 2011/12, which shows the actual outturn against approved budget including variation. It follows the same format as used for monitoring financial performance during the year.
- 7.3 For 2011/12, the Net Operating Expenditure was a surplus of £6.605m and after Revenue Contributions to Capital Expenditure (RCCO) resulted in a net surplus of £5.555m. This was transferred to reserves to meet future costs outlined in the 30 year Business Plan. This represents an increase in transfer to reserves of £943k against the approved budget (a further £612k surplus than forecast at the end of January 2012).
- 7.4 The table below demonstrates the out turn position on the cost of delivering services, which at -£6.533m is an improvement on the budgeted position.

	Budget £000	Out Turn £000	Variance £000
Expenditure	74,634	74,014	-620
Income	-80,022	-80,547	-525
Net Cost of Service	-5,388	-6,533	-1,145

- 7.5 As can be seen, total expenditure outturn was £74.014m against an approved budget of £74.634m, an overall underspend of £620k. The main reasons for variations against the various budget lines which make up total expenditure were as follows:-

Expenditure

7.5.1 Contribution to Housing Repairs

The outturn on repairs was £15.697m compared to a budget provision of £14.658m, an overspend of £1.039m. This is £136k less than the previous report to Cabinet Member. The changes at final outturn can be analysed as follows:

- Voids.

Previous reports identified that due to the responsive nature of voids, it is difficult to forecast the actual number and the average cost of repairs which will be dealt with during the year. Throughout 2011/12 the year end forecasts projected an increase in the actual number of voids compared to budget. This was in part due to the development of new build properties, which enabled considerable movement within the council housing stock and hence the creation of multiple voids.

Similarly an additional emphasis on encouraging tenants to down size has also created a significant number of void properties. This resulted in overspends on both revenue and capital budgets.

The final number of voids completed in year was 1,792 (both major and minor) compared to a budget provision of 1,701. Actual voids charged to revenue totalled 1,516 compared to a previous forecast of 1,642 which was due to an increase in major voids which were charged to capital. As a result, the total overspend on minor voids fell to £401k, a reduction of £185k against that previously reported. However, there was an increase in capital void spend which is reported within the Indicative Outturn report for the 2011/12 Housing Investment Programme (HIP).

- Planned Works

Essential structural, asbestos testing and damp proofing works were carried out during the latter part of the financial year which led to an overspend of £292k on this budget head an increase of £131k from the previous monitoring report.

- Responsive Repairs

Overall, the responsive repairs budget overspent by £286k which was due to an increase in the value of Out of Scope works. This is an increase of £151k over previous forecasts. These are items which fall outside the original scope of the contract, tenant recharge type works which cannot be recovered and vandalism costs. A process is in place to actively recover tenant recharges, and a review of works required but out of scope of the contract is being carried out with a view to determining if an adjustment is required to the price per property (PPP)

- Bad Weather Contingency.

The increased costs identified above were met from the savings on voids and the release of the bad weather contingency sum which resulted in an overall saving of £136k when compared to previous forecasts.

7.5.2 Supervision and Management

The outturn on this account was an overall underspend of £1.511m against a budget of £16.405m, an increase in underspend of £810k since the last monitoring report.

The reasons for the main variations were as follows:

- Re-phasing of the implementation of the Housing Information Management System from 2011/12 to 2012/13 resulted in savings of £265k in the current financial year.
- Support cost savings of £238k.
- Underspend on energy costs within District Heating schemes (£252k).
- Savings of £323k on salaries due to vacancies which were held pending the review of the staffing structure within the service.
- Reduction in spend on supplies and services due to the Council wide moratorium on non essential spend.

7.5.3 Negative Housing Subsidy

The final cost of negative housing subsidy repaid to central government for 2011-12 was £16.702m compared to the budget provision of £16.162m, an increase of £540k. RMBC incurred lower interest rate charges and debt management costs during 2011-12, therefore the authority had to pay more subsidy back to central government.

7.5.4 Cost of Capital

The Cost of Capital outturn was £11.152m against a budget of £11.597m, a reduction of £445k. These savings are due to lower interest rates as outlined above in 7.5.3.

Income

7.6 The table at paragraph 7.4 identifies that the total income collected was £80.547m, which, when compared to the budget of £80.022m was an increase of £525k. This is in line with previous forecasts. The main reasons for the variations against the various Income budgets can be summarised as follows:

7.6.1

- Income from Dwelling rents was £205k over and above budget mainly due to new build properties being made available earlier than anticipated.
- Loss of rent income due to void dwellings was £75k over the amount budgeted for.
- Charges for services and facilities for the year amounted to £3.367m, an improvement against budget (£3.028m) of £339k. This was mostly due to additional income from the furnished homes scheme as a result of higher than anticipated customer take up.

Summary

7.7.1 In summary, therefore, it can be seen that the actual cost of delivering the service was lower than budgeted and this position together with the fact that actual income

generated was higher than budget as resulted in a substantial saving on the net cost of service.

7.7.2 The Operating Statement at Appendix A shows that when £73k of interest on balances received in 2011/12 is added to the Cost of Service there is a Net Operating Expenditure of £6.606m.

7.8 Revenue Contribution to Capital Outlay (RCCO)

The final adjustment in the Operating Statement is a provision for a RCCO. Savings within the budget have allowed us to increase the contribution made to capital expenditure in 2011/12 to £1.050m. By doing this, the Right to Buy receipts which had previously been earmarked to fund part of the capital programme in 2011/12 will be carried forward to be used to underpin the Aids and Adaptations capital works in 2012/13 .

7.9 Transfer to Reserves (Working Balance)

Once all income and expenditure had been accounted for, the resultant surplus was transferred to reserves (Working Balance) to be used to underpin the 30 year Business Plan as previously reported.

The final transfer to reserves for 2011/12 was £5.556m compared to the budget provision of £4.613m, this was an improvement of £612k on the January position due to the savings identified elsewhere in the report.

The cumulative total in Working Balance is £8.327m, an increase of £1.193m when compared to budget. This will help to ease the budget pressures in the earlier years of the 30 Year Business Plan.

8. Finance

The Local Government and Housing Act 1989 places a duty on all local housing authorities to keep an HRA in accordance with proper accounting practices and to set to budget to avoid any end of year deficit. Due to the uncertainties around Self Financing and the need to have sufficient reserves to effectively manage HRA housing stock, the Council set a prudent budget with an anticipated surplus of £4.613m.

In recent years the HRA has shown a deficit outturn which has resulted in a significant reduction in HRA reserves. The continued use of reserves to fund deficits will have a major impact on future years and could result in the HRA being in an overall deficit position. The HRA is facing major challenges due to Self Financing and welfare reforms which will impact on future resources.

The key HRA managed budgets, particularly repairs and maintenance now outsourced to external contractors, will continue to be the subject of close monitoring during 2012/13.

Appendix 1 shows the Final HRA Operating Statement for 2011-12.

9. Risks and Uncertainties

The outturn figures included in this report are subject to quality assurance work on the Council's Statement of Accounts and subsequent external audit verification during July and August.

10. Policy and Performance Agenda Implications

HRA funding is ring fenced and can only be used to provide and support services to Rotherham Council House tenants.

11. Background Papers and Consultation

This report has been discussed with Strategic Director of Neighbourhoods & Adult Services, Director of Financial Services and Director of Housing and Neighbourhoods.

Background Papers : Cabinet Report to Cabinet Member For Safe and Attractive Neighbourhoods Housing Revenue Report 2011/12 Monday 5th March 2012

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Housing Revenue Account - Outturn Operating Statement 2011-12

Narrative	2011/12 Budget £	2011/12 Out-turn £	Variance £	Variance %
Expenditure				
Contributions to Housing Repairs Account	14,658,092	15,697,306	1,039,214	7.09
Supervision and Management	16,405,289	14,894,118	-1,511,171	-9.21
ALMO Management Fee	1,892,055	1,819,583	-72,472	-3.83
Rents, Rates, Taxes etc.	73,519	34,501	-39,018	-53.07
Negative Subsidy repaid to Government	16,162,214	16,701,797	539,583	3.34
Provision for Bad Debts	500,000	441,252	-58,748	-11.75
Cost of capital Charge	11,596,589	11,151,825	-444,764	-3.84
Depreciation of Fixed Assets	13,120,398	13,120,397	-1	0.00
Debt Management Costs	225,913	153,556	-72,357	-32.03
Expenditure	74,634,069	74,014,336	-619,733	-0.83
Income				
Dwelling Rents	-62,904,116	-63,108,870	-204,754	0.33
Non-dwelling Rents	-793,930	-768,729	25,201	-3.17
Charges for Services and facilities	-3,027,928	-3,367,216	-339,288	11.21
Other fees and charges	-176,000	-176,633	-633	0.36
HRA Subsidy receivable (Major Repairs Allowance)	-13,120,398	-13,125,842	-5,444	0.04
Income	-80,022,372	-80,547,290	-524,918	0.66
Net Cost of Services	-5,388,303	-6,532,954	-1,144,651	21.24
Interest received	-25,000	-72,928	-47,928	191.71
Net Operating Expenditure	-5,413,303	-6,605,883	-1,192,580	22.03
Appropriations:				
Revenue Contributions to Capital Outlay	800,000	1,050,000	250,000	31.25
Transfer to Reserves	4,613,303	5,555,883	942,580	20.43
Surplus/Deficit for the year	0	0	0	

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