

## **CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS**

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

**Date: Monday, 3rd February, 2014**

**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. Minutes of meetings held on 2nd December, 2013 and 6th January, 2014 (see Minute Book dated 29<sup>th</sup> January, 2014 (Pages 26J-43J))
4. Housing Investment Programme 2013-14 (Pages 1 - 11)
5. Neighbourhoods General Fund Revenue Budget Monitoring 2013-14 (Pages 12 - 15)
6. Housing Revenue Account (Pages 16 - 22)

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
<b>2.</b>	<b>Date:</b>	<b>3 February 2014</b>
<b>3.</b>	<b>Title:</b>	<b>Housing Investment Programme 2013/14 - December 2013</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### **5.0 Summary**

This report provides an update of the Housing Investment Programme 2013-14 to end of Period 9 December 2013.

As at the end of Period 9 December 2013, total spend on the Housing Investment Programme was £14,164,576 compared to a budget provision of £16,798,595, representing an under spend to date of £2,634,019 (-15.7% variance) against planned expenditure.

The report will provide details of savings and slippage on the individual schemes of work within the overall programme, and highlights the fact that the resources not profiled to be drawn down in 2013/14 will be carried forward into next financial year.

### **6.0 Recommendations**

**That Cabinet Member receives and notes the spend and forecast position to end of Period 9 December 2013.**

## 7.0 Proposals and Details

7.1.1 This budget report is based upon the outturn position for the Housing Investment Programme (HIP) up to Period 9 December 2013.

7.1.2 There has been a total spend of £14,164,576 against the revised budget of £16,798,595 which has resulted in an under spend to end December 2013 of £2,634,019.

	2013-14 Budget £	2013-14 Revised Budget £	Actual spend to P9 £	Forecast spend to 31 March 14 £	Forecast Variance to end March 2014 £
Refurbishments	14,303,000	14,609,863	4,759,494	11,416,562	-3,193,301
Other Capital Works	9,934,000	10,377,546	4,656,594	10,310,596	-66,950
<b>Total Capital Works to properties</b>	<b>24,237,000</b>	<b>24,987,409</b>	<b>9,416,088</b>	<b>21,727,158</b>	<b>-3,260,251</b>
Fair Access to All	3,091,000	3,784,215	2,114,851	3,784,215	0
Regeneration/Neighbourhood Renewal	2,960,000	3,398,624	1,939,882	3,430,340	31,176
Other Public Sector	2,166,000	725,335	693,755	750,568	25,233
<b>Total Revised Capital Programme</b>	<b>32,454,000</b>	<b>32,895,583</b>	<b>14,164,576</b>	<b>29,692,281</b>	<b>-3,203,302</b>

There has been a total increase in forecast spend to 31<sup>st</sup> March 2014 within month of £747,094. This has reduced the forecast underspend from £3,950,396 to £3,203,302.

## 7.2 Details

### 7.2.1 Housing Improvement Programme 2013-14 Capital Works

Appendix A provides the full programme breakdown of budget, forecast outturn and variance by project line and should be referred to in conjunction with the following explanations.

### 7.2.2 Refurbishments

**(Revised Budget £14,609,863 Forecast Outturn £11,416,562 Variance - £3,193,301)**

Refurbishments is comprised of Internal Works (Decent Homes) and External Works (Roofing, pointing, cladding). Total spend to the end of December 2013 was £4,746,869.

The existing programme primarily focuses on External works to dwellings such as replacement roofs, external works to blocks of flats and replacement of fascia's, soffits and rainwater goods. The programmes have taken longer than anticipated to tender and mobilise, this has resulted in reduced forecast spend. Discussions are ongoing with Keepmoat to increase scope of works, to now include full replacement of fascia boards and felt membrane beneath tiles abutting rainwater goods. This will subsequently increase spend on the fascia's, soffits and bargeboard replacement programme. This financial year

we have completed improvements to 1,669 properties through this programme.

### **7.2.3 Other Capital Works**

**(Revised Budget £10,377,546 Forecast Outturn £10,310,596 Variance - £66,950)**

The sections below, breakdown individual spend within the Other Capital Works budget.

### **7.2.4 Environmental – Brinsworth**

**(Revised Budget £224,337 Forecast Outturn £249,482 Variance £25,145)**

Total spend to end of December 2013 was £158,591. This project includes the completion of bin stores, paths and landscaping works around the Pike Road area and will be complete within the current financial year. Increase in forecast spend is a result of higher than anticipated costs at tender stage.

#### **Other Environmental Works**

**(Revised Budget £1,260,021 Forecast Outturn £1,051,769 Variance -£208,252)**

Total spend to the end of December 2013 was £441,524.

A variety of environmental schemes are ongoing and due to commence. Examples include:

#### **Briery Walk, Munsbrough**

The removal of overgrown trees and bushes in public open space which were creating secluded locations and blocking street lights. The clearance was the first phase of improvements before looking to improve security of drying spaces and secure drying spaces which have become run down/ damaged over time. We have used fencing to reduce opportunities for rat-runs in an attempt to aid police surveillance and deter opportunities for crime.

#### **St Johns Green, Kimberworth Park**

Visually opening and removing sheltered areas on communal stairs to flats above the shops which have had persistent troubles with ASB over many years. Also the installation of gates and railings to improve the security of these flats.

### **7.2.5 Empty Homes (Revised Budget £1.819m Outturn £2,603,392 Variance £783,750)**

Total spend to the end of December 2013 was £1,483,103.

There has been a further increase in forecast spend during P9. Within month the year end forecast has increased by £256,463. The primary reason for this increase in spend is due to increased number of voids properties. We are still trying to establish the reasons for this increase but continue to believe this is a result of increased terminations by tenants affected by general financial pressures resulting from Welfare reform.

As of w/c 13 January 2014 the Voids team has transferred from Housing Option into the Contract and Service Development team. This will have a number of benefits, and should assist in identifying reasons for increased costs through 1) Greater commercial scrutiny as they will be working alongside the Commercial team and 2) Consistent working practices for surveyors which may result in reduced number of major and minor voids through closer management and introduction of back to back lets.

147 major voids were complete to the end of December 2013. Major voids occur when the cost of bringing a property up to the lettable standard exceeds £4,000. This often occurs where a previous tenant has refused decent homes works and so properties now require new kitchens, bathrooms or central heating systems.

**7.2.6 Replacement Communal Entrance Doors  
(Revised Budget £929,863 Forecast Outturn £929,863 Variance £0)**

High security communal entrance doors have been replaced to 104 blocks of flats. It is anticipated this scheme will be fully complete by end of the financial year. Spend to date on this scheme is £522,754.

**7.2.7 Electrical Board & Bond  
(Revised Budget £200,000 Forecast Outturn £164,220 Variance -£35,780)**

There has been a reduction in forecast spend of £34,865 within month. Spend to the end of December 2013 was £60,657.

This is a demand led service and the number of properties requiring capital works following Fixed Wire Testing was lower than forecast.

Actual fixed wire test related works (re-wires, new consumer units etc.) have been carried out in 133 properties.

**7.2.8 Asbestos Removal & Testing  
(Revised Budget £370,000 Forecast Outturn £274,190 Variance -£95,810)**

There has been only a minor increase in spend of £5k within month. Spend to date is £274,190. This budget is primarily focused on funding asbestos surveys and removals to properties that are receiving planned capital improvement works. The under spend is a result of asbestos removal and testing now being met from within individual project budgets.

**7.2.9 Boundary Wall Treatments  
(Revised Budget £200,000 Forecast Outturn £199,968 Variance -£32)**

To date works have still to commence. It is anticipated works will take place to the boundary walls of 70 properties in the final quarter of the financial year. The forecast variance is following tender return, but may change if variations are identified on site. Spend to the end of December 2013 was £7,968.

**7.2.10 Flat Door Replacement  
(Revised Budget £620,362 Forecast Outturn £1,000,000 Variance £379,638)**

Replacement flat door programme has now commenced, the over spend is following tender return. This was a joint tender for window and door replacements. The forecast overspend on flats doors will be off set by virement of the windows budget, which is forecast to spend less than planned.

To date there is a total commitment of £169,057 to the end of December, 2013. A total of 193 properties have received new flats doors through this programme.

**7.2.11 District Heating Conversions  
(Revised Budget £218,000 Forecast Outturn £90,468 Variance -£127,532)**

There has been a minor reduction in spend forecast of £162 within month. Spend to the end of December 2013 was £49,228.

2013/14 programme provides for a full stock condition survey of all District Heating schemes to enable more accurate forecasting in future. Works are due to commence in the final quarter of 2013-14, subject to successful outcome of the Renewable Heat Incentive application for funding towards Biomass Hoppers. If this is successful works will commence in Quarter 4 on installation of the new hoppers.

At the current time remaining spend forecast is based on previous years capital charges to cover potential breakdown of the District Heating system.

A further report will be submitted to Cabinet member outlining the details of a 5 year investment proposal for the rationalisation and upgrading of remaining systems.

**7.2.12 EPC Improvements  
(Revised Budget 475,000 Forecast Outturn £100,000 Variance -£375,000)**

Spend to the end December 2013 was £51,138. This budget was originally intended to fund External Wall insulation to non – traditional properties and installation of top up cavity and loft insulation. Given the success at leveraging in additional funds through the non traditional investment programme, the majority of funding for EWI has not been required and has been used on projects such as glazing upgrades.

Thermal efficiency works through upgrading of glazing to 16 properties has been undertaken to date allowing properties to become more energy efficient.

**7.2.13 New IT System**

**(Revised Budget £324,732 Forecast Outturn £60,000 Variance -£264,732)**

This budget is to fund the purchase and implementation of the new integrated Housing Management System. To date the project has experienced significant delays in implementation due to poor service from the supplier. As a result the funding of £264,732 will be slipped into 2014-15. There has been no spend to date. Discussions are ongoing with the supplier to rectify the situation.

**7.2.14 General Structures**

**(Revised Budget £650,000 Outturn £650,000 Variance £0)**

This budget is to fund remedial works to building structures and includes, pointing, rendering, underpinning and damp proof works. Based on current run rate for works and costs charged to revenue which are subsequently transferred to capital, we continue to expect fully spending this budget by end of the current financial year. Spend to the end of December 2013 was £93,767.

**7.2.15 Lift Replacement**

**(Revised Budget £75,000 Forecast Outturn £56,882 Variance -£18,118)**

Works commenced mid-January 2014 to undertake the refurbishment of lifts at Shaftsbury House. It is anticipated all works will be complete by mid-March 2014. There has only been a minor spend to end of December 2013 which was £250.

**7.2.16 Replacement of Central Heating/ Boilers (Revised Budget £3,010,589 Forecast Outturn £2,880,362 Variance £130,227)**

Spend to the end of December 2013 was £1,556,702. There is a programme of Central Heating replacements in order to reduce the revenue burden as a result of increasing repairs to Ideal and Buderus boilers. As a result it was identified that significantly more capital investment was required in 2013-14.

A total of 592 new boilers have been fitted through planned work programmes.

### **7.3 Fair Access to All**

#### **7.3.1 Disabled Adaptations (Public Sector)**

**(Budget £2,144,980 Forecast Outturn £2,144,980 Variance £0)**

#### **7.3.2 Disabled Adaptations (Private Sector)**

**(Budget £1,639,235 Forecast Outturn £1,639,235 Variance £0)**

Total spend to the end of December 2013 was £2,114,851. A series of service improvements and efficiencies have led to delivery of backlog works resulting in increasing spend. During P9 we have identified that the backlog for Aids and Adaptations remains in excess of 4 months for non-urgent major works. The team are currently working with contractors to increase volumes before the year end so reducing the backlog to 3 months by end of the current financial year. If this is achieved we will need to release additional resources of circa £300k to fund these works to Private Sector housing. We will have a definitive position by P10 and will report any changes to funding at that time.

Disabled aids and adaptations (major) were undertaken in 299 public sector homes.

Disabled aids and adaptations (major) were undertaken in 219 private sector homes.

### **7.4 Regeneration / Neighbourhood Renewal**

#### **7.4.1 Non-Trad Investment**

**(Budget £1,841,310 Forecast Outturn £1,841,310 Variance £0)**

Total spend to the end of December 2013 was £1,427,313. This budget is to complete external refurbishment and insulation render works to non traditional properties. This is part of an ongoing programme to extend the life of non traditional stock by circa 25 years.

Investment was made in 377 non traditional dwellings in Wath, Rawmarsh, East Dene and Whiston.

#### **7.4.2 Garage Site Investment**

**(Budget £500,000 Forecast Outturn £529,504 Variance £29,504)**

Total spend to the end of December 2013 was £282,501. Investment has been made to 4 Garage Sites so far this year at Haugh Road, Rawmarsh; Langley Close, East Herringthorpe; Gray Avenue, Aston and Scott Close, Thurcroft. Works have included re-surfacing to the highway, re-roofing, doors and general environmental improvements.

It should be noted that we anticipate transferring the majority of costs for Garage site investment from Capital to Revenue budget due to the type of work undertaken so far. An exercise is ongoing with the Commercial team to calculate the split in Capital and Revenue works. Once this is complete we will



be requesting a reduction in the 2013-14 RCCO to account for the change in Capital/ Revenue split.

**7.4.3 Dinnington Transformational Change  
(Budget £22,314 Forecast Outturn £22,314 Variance £0)**

This project was funded through the Regional Housing Board and was the installation of temporary art work to Dinnington Town centre. The original budget was £25,000. We have reduced this budget to £22,314 as no further funding is required in the current financial year.

**7.4.4 Canklow Phase 1 & 2  
(Budget £450,000 Forecast Outturn £451,179 Variance £1,179)**

This is a multi-year programme of activity to regenerate an area within Canklow through Housing Market Renewal. The project is focused on demolition, buy back and refurbishment of public and private sector properties in the area. Given the actual spend to date on this project of £164,029 there is a significant risk that forecast outturn will not be achieved and may require slippage of funding at year end.

**7.4.5 Bellows Road Service Centre Clearance  
(Budget £585,000 Forecast Outturn £585,000 Variance £0)**

This is a Housing Market Renewal scheme and includes the construction of new shop units and provision of new housing within the area. To date there has been a total spend of £43k, there continues to be some uncertainty whether the remaining funding will be spent within the current financial year. If funding does not get spent, we will seek slippage of funding at the year end.

**7.5 Other Public Sector**

**7.5.1 Opportunity Acquisitions  
(Budget £2,166,000 Forecast Outturn £750,610 Variance -£1,415,390)**

Total spend to the end of December 2013 was £693,797.

This is a multi-year commitment to acquire properties to add to the Council's social housing stock through the 30 Year HRA Business Plan. Strict criteria are applied to the acquisitions which have led to more protracted negotiation than anticipated and hence the previous slippage. To date a total of 16 properties have been purchased under this scheme. Negotiations are ongoing to purchase a further 72 properties through this programme at Wickersley, Rawmarsh, Thurcroft, Dalton and Harthill. A further report will be submitted to Cabinet Member detailing the timetable for the remainder of this programme, in March 2014.

## 7.6 Slippage to 2014/15

There are a number of schemes we are closely monitoring due to the risk of underspend at end of the financial year. At P9 we have chosen not to restate budgets until further meetings with budget holders have taken place. If we require approval of slippage after these meetings, it will be reported at P10.

## 7.7 Summary

7.7.1 Overall total HIP spend to Period 9, December 2013 was £14,164,576. The current forecast outturn position to 31 March 2014 is forecast to be £29,692,281 compared to a revised budget provision of £32,895,583.

## 8.0 Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP in 2013/14:

<b>Funding Summary HIP</b>	<b>£</b>
Grants	1,474,503
RCCO	8,473,000
Prudential Borrowing HRA	685,500
Prudential Borrowing GF	457,750
Capital Receipts RTB	655,518
Capital Receipts HRA Other	39,835
Capital Receipts	1,002,000
MRA	21,036,699
<b>Total</b>	<b>33,824,805</b>

Year end adjustments to funding will be made as appropriate to ensure all works are funded from within existing resources. The year end funding position will be reported in the year end out turn report.

## 9.0 Risks and Uncertainties

The 2013/14 Forecast Outturn position may be subject to change based on final value of works completed to 31 March 2014. This may be influenced by any extreme weather or unforeseen issues on site. Based on current spend position at P9 it is likely that some Private sector schemes may require further slippage of funding into 2014-15. If this materialises it will be reported at P10 monitoring.

## 10.0 Policy and Performance Agenda Implications

The HIP supports the 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

Report Author

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## Appendix A

	A	B	C	D	E	F	G	H	I
1		<b>HIP PROGRAMME 2013-14 - POSITION AS AT PERIOD 9</b>							
2									
3									
4			Budget		Manager's Forecast		Variance (Over + / Under -)		%age (Over + / Under -)
5			£		£		£		%
6									
7		<b>REFURBISHMENT / IMPROVEMENTS</b>							
8		Refurbishment	13,999,514		11,115,419		-2,884,095		-20.60%
9		Windows	610,349		301,143		-309,206		-50.66%
10		<b>REFURBISHMENT / IMPROVEMENTS TOTAL</b>	<b>14,609,863</b>		<b>11,416,562</b>		<b>-3,193,301</b>		<b>-21.86%</b>
11									
12		<b>OTHER CAPITAL WORKS</b>							
13		Empty Homes	1,819,642		2,603,392		783,750		43.07%
14		Replacement of Central Heating / Boilers	3,010,589		2,880,362		-130,227		-4.33%
15		Replacement of Communal Doors (High Security)	929,863		929,863		0		0.00%
16		Environmental Works	1,484,358		1,301,251		-183,107		-12.34%
17		Electrical Board & Bond	200,000		164,220		-35,780		-17.89%
18		Community Centre Improvements (5 Year Programme)	0		0		0		NA
19		Boundary Wall Treatments	200,000		199,968		-32		-0.02%
20		Asbestos Removal & Testing	370,000		274,190		-95,810		-25.89%
21		Flat Door Replacement	620,362		1,000,000		379,638		61.20%
22		District Heating Conversions	218,000		90,468		-127,532		-58.50%
23		One-Off Properties	0		0		0		NA
24		EPC Improvements	475,000		100,000		-375,000		NA
25		New IT System	324,732		60,000		-264,732		-81.52%
26		General structures	650,000		650,000		0		0.00%
27		Lift Replacement	75,000		56,882		-18,118		-24.16%
28		<b>OTHER CAPITAL PROJECTS TOTAL</b>	<b>10,377,546</b>		<b>10,310,596</b>		<b>-66,950</b>		<b>-0.65%</b>
29									
30		<b>ALL WORKS TO PROPERTIES TOTAL</b>	<b>24,987,409</b>		<b>21,727,158</b>		<b>-3,260,251</b>		<b>-13.05%</b>
31									
32		<b>FAIR ACCESS TO ALL</b>							
33		Public Adaptations	2,144,980		2,144,980		0		0.00%
34		Private Adaptations	1,639,235		1,639,235		0		0.00%
35		<b>FAIR ACCESS TO ALL TOTAL</b>	<b>3,784,215</b>		<b>3,784,215</b>		<b>0</b>		<b>0.00%</b>
36									
37		<b>REGEN. / NEIGHBOURHOOD RENEWAL</b>							
38		<b>PUBLIC SECTOR</b>							
39		Non-Traditional Investment	1,841,310		1,841,310		0		0.00%
40		Garage Site Investment	500,000		529,504		29,504		5.90%
41		<b>Public Sector Sub Total</b>	<b>2,341,310</b>		<b>2,370,814</b>		<b>29,504</b>		<b>1.26%</b>
42									
43		<b>PRIVATE SECTOR</b>							
44		Dinnington Transformational Change (RHB)	22,314		23,347		1,033		4.63%
45		Canklow Phase 1 & 2	450,000		451,179		1,179		0.26%
46		Bellows Road Service Centre Clearance	585,000		585,000		0		0.00%
47		<b>Private Sector Sub Total</b>	<b>1,057,314</b>		<b>1,059,526</b>		<b>2,212</b>		<b>0.21%</b>
48									
49		<b>REGEN. / NEIGHBOURHOOD RENEWAL TOTAL</b>	<b>3,398,624</b>		<b>3,430,340</b>		<b>31,716</b>		<b>0.93%</b>
50									
51		<b>OTHER PUBLIC SECTOR</b>							
52		<b>HCA NEW BUILD</b>							
53		Opportunity Acquisition	725,335		750,610		25,275		3.48%
54		Carry Over from 11-12 New Builds	0		-42		-42		NA
55		<b>OTHER PUBLIC SECTOR TOTAL</b>	<b>725,335</b>		<b>750,568</b>		<b>25,233</b>		<b>3.48%</b>
56									
57		<b>SUB TOTAL 2</b>	<b>7,908,174</b>		<b>7,965,123</b>		<b>56,949</b>		<b>0.72%</b>
58									
59		<b>TOTAL CAPITAL PROGRAMME</b>	<b>32,895,583</b>		<b>29,692,281</b>		<b>-3,203,302</b>		<b>-9.74%</b>

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
<b>2.</b>	<b>Date:</b>	<b>Monday 3rd February 2014</b>
<b>3.</b>	<b>Title:</b>	<b>Neighbourhoods General Fund Revenue Budget Monitoring 2013/14</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Social Services</b>

**5. Summary**

This Budget Monitoring Report provides a financial forecast for Neighbourhoods General Fund within the Neighbourhoods & Adult Services Directorate to the end of March 2014 based on actual income and expenditure for the period ending December 2013.

The forecast for the financial year 2013/14 is an overall forecast under spend of (-£133k) against an approved net revenue budget of £2.463m.

**6. Recommendation**

**That the Cabinet Member receives and notes the latest financial projection against budget for 2013/14.**

## 7. Proposals and Details

The table below shows the summary forecast outturn position against the approved Net Revenue Budgets:-

<b>SERVICE AREA</b>	<b>Net Budget</b>	<b>Forecast Outturn</b>	<b>Variance from Net Budget Deficit/ (Surplus)</b>	<b>% Variation to Net Budget</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>%</b>
Strategic Housing & Investment	188	198	10	5.32
Housing Options	289	250	-39	-13.49
Housing & Communities	265	209	-56	-21.13
Central	312	304	-8	-2.56
Business Regulation	207	173	-34	-16.43
Safer Neighbourhoods	1,202	1,196	-6	-0.50
<b>TOTALS</b>	<b>2,463</b>	<b>2,330</b>	<b>-133</b>	<b>-5.40</b>

The main variations against budget can be summarised as follows:-

### 7.1 Strategic Housing & Investment Service - SHIS (+£10k)

The SHIS team budget has a pressure of +£10k mainly as a result of lower than expected staff turnover against budget.

### 7.2 Housing Options (-£39k)

This area is projecting an overall under spend of (-£39k). This includes a (-£43k) projected under spend on the Dispersed Units Trading Account which will be requested as an earmarked balance to be carried forward at year end to support the on-going refurbishment programme for these units.

There is also a small surplus of (-£6k) within the Private Sector Adaptations Service as a result of increased fee income, and a projected over spend of +£10k on the Key Choices Property Management Service as a result of lower than anticipated income.

### 7.3 Housing & Communities (-£56k)

This service area is projecting an overall under spend of (-£56k).

This consists of projected under spends both within Area Assemblies and Supplies and Services budgets (-£40k) as a result of the Council wide moratorium on non-essential spend, which is partially reduced by a small over spend on Anti Social Behaviour due to lower than expected staff turnover +£6k.

There is also a small under spend of (-£4k) on the Community Safety Unit budget as a result of a recent vacancy which is not expected to be filled this financial year.

The under spend includes (-£18k) within Community Leadership Fund, of which £16k is relating to Members Annual budgets, and is likely to be requested as an earmarked balance for carry forward at the year end.

### 7.4 Central (-£8k)

A small under spend is forecast due to savings within supplies and services budgets.

### 7.5 Business Regulation (-£34k)

Overall Business Regulation is projecting an under spend of (-£34k). Pressures on staffing costs within Health and Safety, Food and Drugs and Animal Health budgets totalling +£20k are being offset by savings within Trading Standards mainly due to continued vacant posts (-£44k).

Licensing is projecting a small under spend of (-£3k) due to increased income relating to the new Scrap Metal Dealer licences and Bereavement Services is now projecting a (-£7k) under spend as a result of lower than forecast costs relating to repairs and maintenance.

### 7.6 Safer Neighbourhoods (-£6k)

Savings within Community Protection through vacancy management and as a result of the moratorium on non-essential spend, partly reduced by a small remaining pressure on income due to reduced Environmental Protection Act (EPA) applications, leaving an overall forecast under spend of (-£19k).

Also, statutory Health and Safety work on Landfill Sites is resulting in a forecast overspend of +£13k in this area.

### 7.7 Agency & Consultancy

To date there has been no spend on Agency and spend totalling £46,808 on Consultancy within Neighbourhoods General Fund Budgets.

Consultancy expenditure was incurred in respect of data and analysis relating to Green Deal Energy Efficiency projects and Flexible Support Fund Project Delivery, both of which are externally funded.

### 7.8 Non Contractual Overtime

There has been minor expenditure of £200 on Non Contractual Overtime within Safer Neighbourhoods area. This was for the cost of weekend enforcement of the removal of Travellers from a Town Centre site.

## **8. Finance**

The financial implications for each service area have been outlined in Section 7 above.

## **9. Risks and Uncertainties**

These forecasts are based on financial performance to the end of December 2013. The forecast outturn is dependent on delivery of planned management actions being achieved and thus effective and tight financial management practices remain essential including holding monthly budget clinics with the Service Director and senior managers.

## **10. Policy and Performance Agenda Implications**

The delivery of the Council's Revenue Budget within the limits determined in March 2013 is vital to achieving the Council's Policy agenda. Financial performance is a key element within the assessment of the Council's overall performance.

## **11. Background Papers and Consultation**

- Report to Cabinet 20 February 2013 – Proposed Revenue Budget & Council Tax 2013/14.

The content of this report has been discussed with the Director of Housing and Neighbourhoods and the Director of Finance.

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**ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS**

<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
<b>2.</b>	<b>Date:</b>	<b>Monday 3rd February 2014</b>
<b>3.</b>	<b>Title:</b>	<b>Housing Revenue Account Budget Monitoring Report 2013/14</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

**5. Summary**

This budget monitoring report presents the forecast outturn position on the 2013/14 Housing Revenue Account (HRA) based upon actual income and expenditure to the end of December 2013.

The overall forecast is that the HRA will require a reduction in the planned transfer from working balance (reserves) of £1.327m which is £1.272m less than the approved budget.

**6. Recommendations**

- **That Cabinet Member receives and notes the latest financial projection against budget for 2013/14.**

## 7. Proposals and Details

- 7.1** This budget report is based upon actual income, expenditure and known commitments as at the end of December 2013 forecast to the end of the financial year to give a projected outturn position, compared to budget.
- 7.2** Appendix A of this report provides the Budget Operating Statement for 2013/14 which shows the various income and expenditure budget lines which make up the net cost of delivering the service. The latest forecast net cost of service is (-£7.085m) which, together with Revenue Contribution to Capital (RCCO) costs of £8.437m and interest received (-£25k) will result in an overall deficit of £1.327m to be transferred from Working Balance.
- 7.3** Within the Operating Statement are several budget heads which are either year end adjustments (for example debt management costs £222k) or are subject to external influence and therefore outside direct control (for example cost of capital charges £14.602m).
- 7.4** Budget Monitoring is therefore mainly focussed upon expenditure and income which is within control, i.e. income of £78.904m, the repair and maintenance budget of £17.996m and supervision and management of £20.065m. Other budget heads as seen within Appendix A are currently being forecast to outturn in line with budget.

### 7.5 Budget Monitoring

- 7.5.1** Appendix A, column B demonstrates the projected outturn based upon activity to the end of December 2013.
- 7.5.2** Overall it can be seen that the net cost of service (before RCCO and interest received) is forecast to be -£7.085m, a surplus of £1.272m as shown in the table below.

	<b>Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
Expenditure	73,091	72,780	-311
Income	-78,904	-79,865	-961
<b>Net Cost of Service</b>	<b>-5,813</b>	<b>-7,085</b>	<b>-1,272</b>

- 7.5.3** Several of the budget lines within income and expenditure are forecasting to outturn with a variance to budget. The table below highlights these budgets

	<b>Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
<b>Expenditure:</b>			
Supervision and Management	20,065	19,954	-111
Cost of Capital Charge	14,602	14,402	-200
<b>Income:</b>			
Dwelling Rents	-74,245	-74,380	-135
Non Dwelling Rents	-792	-798	-6
Charges for Services	-3,602	-4,300	-698
Other Fees and Charges	-214	-336	-122
<b>Net Variance</b>			<b>-1,272</b>

**7.5.4** It can be seen that there is a forecast increase in income and an under spend on the expenditure budget.

**7.5.5** The balance of this report will focus on the main variations to budget.

## **7.6 Expenditure**

Column B of Appendix A demonstrates that based upon expenditure and commitments to date, total expenditure is forecast to outturn at £72.780m compared to a budget provision of £73.091m, a reduction in spend of £311k. The main variations are as follows:

### **7.6.1 Contributions to Housing Repairs**

Appendix A demonstrates that the forecast year-end spend on Repairs and Maintenance is currently forecasting to outturn on budget at £17.996m.

**7.6.2** The empty homes budget is difficult to forecast as this is a very responsive service. The original budget has been set based upon an estimated 1,500 minor voids in year. At the end of November there were 174 more completions than budgeted. The main reason for the increase is the impact of the Welfare Reform as more tenants requested a transfer to smaller properties.

Within the Housing Repairs budgets there is an overall forecast overspend on Empty homes due to increase in minor voids. However, this is offset by a forecast under spend on overheads within revenue schemes.

### **7.6.3 Supervision and Management**

Column B of Appendix A demonstrates that based upon expenditure and commitment to date, total expenditure is forecast to outturn at £19.954m, a forecast overall under spend of £111k.

The main reason for the variation is the transfer to the Furnished Homes reserve due to additional income as more clients use the scheme (see paragraph 7.7.3) reduced by lower than expected staff turnover including delays in implementing the review of structures across a number of teams.

### **7.6.4 Cost of Capital Charge**

This latest forecast cost of capital charge is £200k less than budgeted due to lower than anticipated interest rates.

## **7.7 Income**

**7.7.1** Column B of Appendix A shows that based upon income received to date the total forecast income collectable is £79.865m an increase of £961k above the approved budget of £78.904m.

**7.7.2** Dwelling rental income is projected to over recover by £135k, after allowing for 2% loss of income. Non-dwelling rents are also forecasted to slightly over recover against budget by £6k due to additional income from garage sites.

**7.7.3** Income from charges for services and facilities are forecasting an outturn of £4.3m, an over recovery of income of £698k. This is mainly due to additional income on Furnished Homes (£626k) due to increase in number of clients, additional fee income from Right to Buy sales (-£13k) plus one off income from prior year charges for District Heating (-£74k). However, there is a forecast under recovery of income from clients using Sheltered Neighbourhood Centres services (+£15k) as tenants opting out of the laundry charge due to having their own facilities.

**7.7.4** Other fees and charges is forecasting an over recovery of income of £122k against budget, which includes additional unbudgeted income in respect of the sale of Tenants contents insurance, recovery of court costs, income from sale of second hand furniture and income from utility companies for the use of solar panels.

## **7.8 Summary**

In summary it can be seen in foregoing paragraphs 7.6 and 7.7 that the variance to budget of -£1.272m when comparing the forecast net cost of service against the budget of -£5.813m is due mainly to variances within the supervision and management and cost of capital together with an over recovery of income.

## 8. Finance

Impact on Working Balance - The report identifies that any deficit or surplus arising from the net cost of service will be transferred to the Working Balance which is reflected through the Appropriations section of the Operating Statement at Appendix A. Any forecast increase/decrease will be added to the budgeted sum shown under transfer to reserves.

Based upon the current forecast out-turn position on the net cost of service, the forecast transfer from balances will reduce from £2.599m to £1.327m, a reduction of £1.272m. The reduction in contribution from reserves is mainly a result of an increase in the level of income anticipated together with lower than forecast borrowing costs.

## 9. Risks and Uncertainties

- **Inflation – Non Contractual** –The 2013/14 Budget was formulated around an inflation assumption of nil (except on utilities); if inflation rises costs may exceed budget provision. It should be noted that the inflationary increase on the repair and maintenance contract is locked in for the financial year at 2.6 % and this has been provided for within the budget set.  
**Mitigation:** Ongoing monitoring
- **Vacancy Factor**  
Salaries budgets assume various levels of vacancies. If vacancies do not arise this could lead to salary costs in excess of budget.  
**Mitigation:** In depth monitoring and forecasting of salary budgets.
- **Repair and Maintenance Voids.** Whilst the current empty home forecast is considered to be a prudent projection based upon 1,500 minor voids, it should be noted that the final number of voids received and completed in year could change. Any change in numbers or values will impact on expenditure.  
**Mitigation:** Ongoing monitoring and triangulation with contractors. Any forecast increase in expenditure will be offset by a reduction in planned revenue works.
- **Rental Income**  
Net rental income has been calculated on the basis of 2% void loss. Any increase / decrease on the actual levels of voids will impact on the level of income achieved.  
**Mitigation:** Ongoing monitoring.

- **Impairment of Fixed Assets**

HRA Self Financing legislation has resulted in the costs of impairment/revaluation of non-dwellings becoming a real charge to be met by the HRA. This figure cannot be calculated until year end after the asset register has been fully updated. In 2012-13 the impairment charge was £646k.

**Mitigation:** Action is being taken to review the management of expenditure on non-dwellings assets to minimise the risk of impairment charges to the HRA. Advice is also being obtained via CIPFA as this is a real issue affecting many other local authorities.

**10. Policy and Performance Agenda Implications**

**10.1** The HRA supports the new Corporate Plan Priorities and is central to the long term strategy:

- Making sure no community is left behind.
- Helping to create safe and healthy communities.
- Improving the environment.

**11. Background Papers and Consultation**

- Budget and Council Tax Setting Report (2013/14) to Cabinet February 2013
- Director of Finance and Director of Housing and Neighbourhood Services have been consulted on the preparation of this report.

**Contact Name:**

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## Housing Revenue Account - Budget Operating Statement

Narrative	2013/14 Full Year Budget £	2013/14 Forecast Out-turn £	Variance £
<b><u>Expenditure</u></b>			
Contributions to Housing Repairs Account	17,996,000	17,996,000	0
Supervision and Management	20,065,000	19,954,569	-110,431
Rents, Rates, Taxes etc.	174,000	174,000	0
Provision for Bad Debts	742,500	742,500	0
Cost of capital Charge	14,602,200	14,402,200	-200,000
Depreciation of Fixed Assets	19,288,734	19,288,734	0
Deferred Charges	0	0	0
Impairment of Fixed Assets	0	0	0
Debt Management Costs	222,000	222,000	0
<b>Expenditure</b>	<b>73,090,434</b>	<b>72,780,003</b>	<b>-310,431</b>
<b><u>Income</u></b>			
Dwelling Rents	-74,245,061	-74,379,767	-134,706
Non-dwelling Rents	-792,280	-798,306	-6,026
Charges for Services and facilities	-3,601,649	-4,300,020	-698,371
Other fees and charges	-213,800	-335,563	-121,763
Contribution to Expenditure	0	0	0
Leaseholder Income	-50,910	-50,910	0
<b>Income</b>	<b>-78,903,700</b>	<b>-79,864,566</b>	<b>-960,866</b>
<b>Net Cost of Services</b>	<b>-5,813,266</b>	<b>-7,084,563</b>	<b>-1,271,297</b>
Amortised premia - Debt redemption	0	0	0
Interest received	-25,000	-25,000	0
<b>Net Operating Expenditure</b>	<b>-5,838,266</b>	<b>-7,109,563</b>	<b>-1,271,297</b>
<b>Appropriations:</b>			
Transfer from Capital Finance Account- Deferred	0	0	0
Revenue Contributions to Capital Outlay	8,437,000	8,437,000	0
Transfer from Capital Finance Account- Impairment	0	0	0
Transfer from Major Repairs Reserve	0	0	0
Transfer from Reserves	-2,598,734	-1,327,437	1,271,297
<b>Surplus/Deficit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>