

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS
2.	Date:	Monday 6th June 2011
3.	Title:	Housing Investment Programme (HIP) 2010/11 and Other Capital Schemes
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

The report sets out the final outturn position for the Housing Investment Programme (HIP) and Non HIP Capital Schemes for 2010/11. The HIP shows a year end underspend of £3.664m (7.27%) against budget.

6. Recommendations

THAT CABINET MEMBER RECEIVES AND NOTES THE REPORT.

7. Proposals and Details

- 7.1 A revised Housing Investment Programme (HIP) totalling £50.379m was approved by the Cabinet Member on 13th December 2010 against resources of £50.962m. The outturn position for each of the schemes within the HIP are included in Appendix 1.
- 7.2 The final outturn position is £46.715m which represents an underspend of £3.664m against the Programme. Within this overall underspend, it is worth noting that schemes managed by 2010 Rotherham Ltd (£26.545m) overspent by £1.090m (4.1%), whilst there was a £4.753m underspend (19.94%) on the £23.833m schemes managed by the Council. The following paragraphs provide the Cabinet Member with explanations for the main variances from the approved Programme.

2010 Ltd Managed Schemes

- 7.3 For the schemes managed by 2010 Rotherham Ltd, £27.635m has been spent which equates to an overspend of £1.090m against the approved Programme (£26.545m).

Decent Homes – Phase 2

- 7.4 The Refurbishment budget of £11.335m outturned at £13.577m, an overspend of £2.242m. On 4th October 2010 Cabinet Member was first informed of a potential £1.5m overspend following the need to amend the specification of Decent Homes work in East Herringthorpe and the confirmation of the Connaught settlement figure. To address these issues a virement of £400k from the Environmental works budget was approved together with the temporary use of £1.2m HRA balance in 2010/11 which will be replenished in 2011/12.

Since the above approvals, the final accounts for the other contractors have been received and in order to bring some of the properties to the Rotherham Decent Homes Standard extra structural and improvement works over and above the target costs agreed with the contractors have been incurred. This has led to Bramall Construction being overspent by £1.086m and Boots by £1.077m contributing to the overall Refurbishment overspend of £2.242m.

- 7.5 There was an underspend on the Windows Replacement Programme of £639k which arose due to reduced installation requirements on the planned windows programme. This became apparent following on site survey works to establish real demand on a property by property basis. Also, some communal areas scheduled for work in 2010/11 were deemed fit for purpose and re-allocated into future programmed schemes.

Other Capital Projects

- 7.6 The Disability Discrimination Act Works had a budget allocation of £100k and no final expenditure. This programme was to be focussed on works to the neighbourhood centres but as the review into them has still to be concluded there were no outcomes to act upon. The review should be completed in 2011/12 to enable the Council to ensure the centres will serve a wider customer base, offer an increased range of activities and still remain accessible to the public. Once this has been completed a programme will be set to fit the timescale for completion. The saving achieved in 2010/11 has partially offset the refurbishment overspends described above.
- 7.7 One-Off Properties – The original budget of £400k was revised during the review by 2010 Rotherham to assist with management of the Refurbishment budget pressures previously mentioned. Certain activities were slowed down, including the conversion of the Elizabeth Finch neighbourhood centre, and expenditure was capped at £240k. Actual expenditure was £228k due to a delay with an element of the work commissioned at Dawson Croft. This will now be completed in 2011/12.

RMBC Managed Schemes

- 7.8 The remainder of the programme is monitored by the Council and £19.080m was spent against the budget of £23.833m, an underspend of £4.753m.

Fair Access to All: Disabled Adaptations, Public Sector

- 7.9 Teething problems with the 2 new contractors (Morrison's and Willmott Dixon) invoicing system from November 2010 adversely impacted on the budget holders ability to monitor spend and on the budget holder's confidence to commit work towards the end of the year. This has now been overcome and revised invoicing arrangements have been agreed and implemented to resolve this issue. The volume of Occupational Therapy referrals also dropped significantly resulting in an underspend of £262k against the £1.8m budget.

Regeneration/Neighbourhood Renewal: Public Sector

Non-Traditional Investment - Structural

- 7.10 Expenditure outturned at £2.883m against the budget of £2.764m, an overspend of £118k. This was due to unforeseen underpinning foundation works, tenants alterations which had to be reinstated and the repositioning of electrical works after inspection. This project fully utilised the £2.615m of Capital Receipts set aside for this project.

Sheltered Housing Modifications

- 7.11 There is an underspend on this scheme of £207k as a result of the delay in the tender process for Phase 2 of the work. Design work was not completed until the end of January due to the adverse weather and the work will now be completed in 2011/12, with the corresponding amount of RHB Grant being rolled forward to fund this.

Regeneration/Neighbourhood Renewal: Private Sector

Dinnington Transformational Change Masterplan

- 7.12 The outturn of £465k is £364k under budget mainly due to the ongoing negotiations regarding the Monksbridge acquisition (£290k). There are 2 further demolitions and related re-housing costs which have also slipped into 2011/12 with the corresponding amount of RHB Grant being rolled forward to fund them.

Private Sector Support

- 7.13 The programme of private sector interventions was reduced in 2010/11 and surveys postponed in order to ensure RHB funding is carried over to 2011/12 to complete work started in all neighbourhoods and to meet additional costs in Maltby. This has led to a £263k underspend, partially offset by the £59k overspend on the Maltby Transformational Change Masterplan.

Pathfinder Projects

- 7.14 The Pathfinder programme is showing an underspend of £1.142m as the Joblot acquisition (£989k) and related indemnities to the tenants were originally included in the HIP budget but actually acquired through the EDS capital programme using Pathfinder funding. Use of this funding across the two capital programmes has ensured that Pathfinder funding has been fully utilised and not lost. 2010/11 was the final year of Pathfinder Grant funding.

Other Projects

HCA New Build

- 7.15 Resources from the Homes and Communities Agency for Phases 1, 2, 3 and 4 of the New Build programme in Rotherham were received in 2010/11 and the expenditure relating to the schemes is detailed within Appendix 1. In total the New Build programme is £2.557m underspent and across all of the schemes the biggest factor in this was the impact of the adverse weather in December 2010 which led to the loss of many working days. The Wood Street/School Street scheme costings also came in 5 to 10% lower than budgeted with additional

requirements to include extensive highway improvements; additionally unforeseen remediation works at Rotherview Road caused further delays. It is worth noting that the New Build funding is fully secure, providing the schemes are completed by September 2011 for Phase 1-3 and November 2011 for Phase 4.

Non HIP Schemes

- 7.16 The approved schemes within the Non HIP Capital Programme for Neighbourhoods totalled £572k. Details of the outturn position on Non HIP Schemes are listed in Appendix 2.
- 7.17 Landfill Sites had a budget allocation of £391k but as a consequence of slippage on legal negotiations on a number of sites together with conflicting contractor commitments the expected spend during 2010/11 has not materialised and the outturn figure was £175k.
- 7.18 There was an underspend of £22,861 against the Air Quality Grant due to IT problems at one of the sites. The grant is not time limited and will be rolled forward into 2011/12
- 7.19 Expenditure of £798k has been added to the Non HIP Capital Programme for Neighbourhoods for the upgrade to the Herringthorpe Cremator to ensure compliancy with mercury abatement legislation. The work has been carried out and funded by Dignity as part of the partnership agreement with the Council as approved by Cabinet 13th February 2008.
- 7.20 The Non HIP Capital programme also includes several schemes funded from previous Section 106 resources:
- Amberdale Developments - £86k for the purpose of enabling 6 affordable dwellings in Rawmarsh.
 - Cooke & Knight with Sanctuary Housing - £105k for the purpose of enabling 16 affordable dwellings for the over 55's in North Anston.
 - Johnnie Johnson Housing Association - £47k to enable 25 affordable houses and bungalows at Cliffe Bank, Swinton.

8. Finance

- 8.1 The following table shows the resources used to finance the HIP expenditure of £46.715m in 2010/11.

Source	£m
Capital Allocations and Credit Approvals	1.315
Regional Housing Board	1.454
Pathfinder Grant	1.348
General Fund Contribution	0.714
ALMO Funding	8.030
Major Repairs Allowance	15.462
Capital Receipts	3.291
Revenue Contribution to Capital Outlay (RCCO)	4.030
Disabled Facilities Grant	0.870
Growth Programme Funding	1.207
HCA New Build Grant	6.474
Prudential Borrowing re New Build	2.195
South Yorkshire Loans Fund	0.048
Other Contributions	0.277
Total	46.715

8.2 In order to fully fund the 2010 Rotherham Ltd overspend within the HIP a further Revenue Contribution to Capital Outlay from HRA balances of £330k has been utilised.

8.3 The unspent RHB grant and Growth Programme funding will be rolled forward and added to the 2011/12 HIP for which a revised programme will be submitted to Cabinet Member shortly.

9. Risks and Uncertainties

9.1 As in previous years, the HIP is supported by Right to Buy Receipts, of which the Council has no direct control, but monitors the level closely. In 2010/11 20 sales were estimated but 23 RTB's were actually sold, resulting in a slightly higher level of usable receipts available (£78k).

10. Policy and Performance Agenda Implications

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

- Making sure no Community is left behind.
- Helping to create Safe and Healthy Communities.
- Improving the Environment.

11. Background Papers and Consultation

Report to Cabinet Member for Safe and Attractive Neighbourhoods 15th March 2010

Report to Cabinet 10th March 2010

Report to Cabinet Member for Safe and Attractive Neighbourhoods 4th October 2010

Report to Cabinet Member for Safe and Attractive Neighbourhoods 29th November 2010

Report to Cabinet Member for Safe and Attractive Neighbourhoods 13th December 2010

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