

## ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
2.	<b>Date:</b>	<b>19<sup>th</sup> September 2011</b>
3.	<b>Title:</b>	<b>Housing Investment Programme (HIP) 2011/12 and Other Capital Schemes</b>
4.	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### 5. Summary

This report presents progress to the end of Month 04 on the 2011/12 Capital Programme, together with a forecast to the end of the financial year.

Details include schemes within the Housing Investment Programme (HIP), together with other Non HIP schemes for 2011/12.

At this stage in the financial year the HIP Programme is forecasting to outturn on budget.

### 6. Recommendations

That Cabinet Member receives and notes the content of this report.

## 7. Proposals and Details

- 7.1 The 2011/12 HIP was approved by Cabinet on the 23<sup>rd</sup> February 2011 with a total programmed spend of £21,166,243. This total has now been uplifted to £21,305,243 to reflect additional resources now available for aids and adaptations.
- 7.2 The 2011/12 Programme was drawn up in the anticipation that the 2010/11 Programme would be delivered on budget and that resource available in that year would be fully utilised, and prudential borrowing in excess of £5m would be drawn down as part of the resources used.
- 7.3 However, spending within the 2010/11 was below Programme, primarily within the HCA New Build and Private Sector Regeneration. This led to a substantial under spend of £3.663m in 2010/11, as shown in the table below. The under spend was as a result of slippage in programmed works due primarily to adverse weather conditions during November to January, and a consequence of this is that additional spend will now fall into 2011/12.
- 7.4 The slippage identified above is now resulting in a forecast over spend of £2.185m on the original Programme level for 2011/12 as shown in the table below.
- 7.5 However, the resources not drawn down in 2010/11 are, in the main, still available to be carried forward into 2011/12. This will result in a revised Programme level of £23.490m which would be fully resourced.

	<b>Outturn 2010/11</b>	<b>Original Estimates 2011/12</b>	<b>Forecast at P4 2011/12</b>	<b>Revised Estimates 2011/12</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Approved Programme</b>	50,378	21,166	21,305	23,490
<b>Actual / Forecast Spend</b>	46,715	21,305	23,490	23,490
<b>Actual / Forecast Under / Over spend</b>	-3,663	+139	+2,185	0

## 7.6 Details

- 7.6.1 The following paragraphs provide an overview of progress to date on the main spending heads within the HIP Programme:
- 7.6.2 Refurbishment and Improvements to Housing Revenue Account (HRA) Dwellings

It can be seen from Appendix A that a total of £9.648m is scheduled to be spent across public sector properties during 2011/12.  
The scheduled work is further analysed as follows:-

## Refurbishments

A total spend of £4.786m has been budgeted in 2011/12 to undertake refurbishment to properties and based upon activity to date the forecast outturn is £4.853m, a forecast overspend of £66k. This forecast overspend is off-set by a forecast saving of the same amount on other capital works, and is as a result of refining of scheme budgets.

Actual work scheduled includes:

- Window replacements
- Roof replacements to 29 units in Maltby
- External works to approx 268 units in Swinton
- Internal works to approx 316 units - various areas across North Herringthorpe, Thrybergh and North Anston
- Internal refurbishments to approx 250 units - various areas across North Herringthorpe, Thrybergh and North Anston

This work has been allocated to Morrison and Willmott Dixon as part of the Repair and Maintenance Contract.

Delays were experienced in getting the earlier phases of some of the work to site due to

- The need to re-survey planned works due to inaccurate stock condition information as APEX, the stock condition database, was not updated to reflect work carried out during the earlier years of the Decent Homes Programme.
- Change in legislation for asbestos sampling. New legislation introduced in April of this year requires the need for more vigorous asbestos sampling prior to the commencement of work. This has led to substantial delays in getting work started.
- High levels of refusals / duplication. Both contractors are experiencing high levels of refusals for internal works, together with inaccurate scheme details which included works to properties which had already been carried out but not recorded on the stock condition database.

Contractor triangulation meetings are now held on a monthly basis to review programmed works and spend, and as a result of the joint working the issues identified above are being rectified: additional surveying resources are being employed to ensure that scheme details are accurate; both contractors are undertaking some asbestos sampling until the backlog with the current provider (White Young Green) has been caught up and additional tenant consultation has been programmed in immediately prior to the start of works to identify any refusals.

Spend and works are now back on target, however, it must be noted that Morrison have issued an Early Warning Notice indicating that they intend to raise a charge through an Early Warning Notice against the contract to meet the costs of the workforce being unproductive whilst the issues identified above were addressed.

Morrison's are being pressed to provide the actual value of the Early Warning Notice or an indicative sum, however, this has not been forthcoming to date, which creates a pressure on the budget, as this sum will need to be accommodated within the overall budget available.

### 7.6.3 Other Capital Works

Appendix A identifies that the total budget available for other capital works is £4.862m and that the forecast outturn is a spend of £4.795m, a forecast under spend of £67k which offsets the forecast overspend on refurbishments. The schemes within this category are as follows:-

- Environmentals  
Work is currently ongoing to develop and prioritise schemes of work to meet the £500k environmentals budgets in line with the criteria previously laid down.
- Empty Homes  
Current spending on empty homes would result in a forecast overspend of £235k. This is due to more capital voids than budgeted and a high average value as voids were being specified to the Decent Homes (plus) standard rather than the lettable standard.

The specification has been changed and works undertaken will revert to the lettable standard, prior to occupation but with a process in place which identifies any decent homes work which will be undertaken from the refurbishment budget in 2012/13. It is anticipated that this action will reduce the forecast spend position in line with budget. An update will be provided in the next report.

- Safer Homes (Communal Doors)  
Work is currently ongoing to draw up and prioritise a scheme of works with a value of £300k to provide high security to communal blocks.
- Flat Door Replacements  
A budget of £500k has been established to replace internal flat doors which were not included within the original decent homes standard.

This scheme is flagged as low priority and an assessment is currently being made as to the requirements for internal doors viz-a-viz fire protection. Work on this programme will take place later in the year to ensure that should there be an overspend on voids, this can be mitigated through managed slippage on this scheme.

- District Heating

Work is scheduled to start on the Vine Close district heating boiler replacement in September and a scheme has been developed to address filtration issues on the Fitzwilliam Estate District Heating Scheme. However, asbestos issues have slowed progress on this scheme which could lead to a delay with the September start date.

- EPC Improvements

A budget of £405k has been established to fund any works arising from the EPC Survey work around energy efficiency issues.

Works undertaken within this budget have a long lead-in period and often require matched funding. This budget has been earmarked for potential slippage if budget pressures are identified elsewhere in the Programme. Spend is currently forecast to be £120k below budget to reflect increased forecast spend on other budget heads following the refining of scheme budgets as described within refurbishments.

- Asbestos Testing

It has been identified elsewhere within this report that in light of a change in legislation asbestos sampling has created substantial delays in getting works to site.

A separate report to be presented to Cabinet Member details the requirements to establish an asbestos database to meet current legislative requirements and prevent delays in planned works.

The recommendation within that report identifies the need to establish budget provision of £285k within the Capital Programme to address asbestos within capital works.

Whilst there is currently no provision within the HIP Programme for this sum, two potential funding streams have been identified: the flat doors replacement programme or the EPC Improvements work could be deferred until next year, thus creating budget available to meet the asbestos requirements, and in addition, in light of the long lead-in time for EPC Improvement works, it is recommended that Cabinet approval is sought to vire funding from the existing budget head to create a budget for the asbestos work.

In summary, based upon activity to date and works planned for the remainder of 2011/12, refurbishment and improvement works to properties are forecast to outturn at £9.648m in line with budget.

#### **7.6.4 Fair Access to All Disabled Adaptations**

It can be seen that a budget of £1.739m has been established to meet the cost of private sector aids and adaptations with a further £1.600m for public sector clients.

Based upon activity to date, forecast spend to the year end is in line with budget.

#### **7.6.5 Regeneration / Neighbourhood Renewal: Private Sector**

##### **Maltby Transformation Change Plan**

Budget provision of £200k has been made to acquire properties within the Tarren Estate in order that the remaining properties can be demolished to facilitate redevelopment of the area. This proposal is the subject of a separate report to be presented to Cabinet in September. The forecast overspend of £15k reflects an indicative value of property acquisition.

##### **Dinnington Transformation Plan**

Negotiations are still ongoing on the acquisition of properties as part of site assembly on this scheme. This scheme slipped from the 2010/11 programme together with a corresponding amount of RHB grant.

##### **Private Sector Support (RHB)**

This is a scheme slipped from 2010/11 and is designed to meet the costs of enforcement work for Private Sector landlords and to undertake a stock condition survey. This work, which is underpinned by Regional Housing Board (RHB) funding has been reduced to reflect a reduction of activity within the enforcement team due to reduced staff numbers.

##### **Canklow Phases 1 & 2**

Phase 01 of this work, which involves acquisition and site clearance, to assemble land for future development is now complete.

Phase 02 is currently estimated to cost in the region of £3m with follow-on works in 2012/13.

The forecast spend of £1.006m identified in 2011/12 is to meet acquisition and site security costs and actual spend will be dependent upon negotiations for 22 properties on Canklow Road and Warden Street. This represents a forecast overspend of £886k. Funding of £430k New Homes Bonus Grant has been identified with the balance of spend to be met from capital receipts.

The scheme is the subject of a report to be presented to Cabinet Member.

##### **Bellows Road Redevelopment**

Budget provision of £380k has been allocated in 2011/12 to meet site assembly cost for the redevelopment of the Rawmarsh Shopping Centre.

Actual expenditure incurred will be dependent upon negotiations with local traders and occupiers of the residential element of the site.

## 7.6.6 Regeneration – Public Sector

- Non Traditional Properties

A budget provision of £1.923m has been allocated in 2011/12 to deal with the following schemes, together with sums outstanding from 2010/11.

Tarren Phase 3 – 38 houses at Campsall Fields with a scheduled start date of September with completion by 31<sup>st</sup> March 2012.

Reema Properties – 84 houses across Aston / Maltby / Whiston. Anticipated start date October / November with completion by 31<sup>st</sup> March 2012.

- Sheltered Housing Accommodation

The planned works due in 2010/11 were delayed due to issues with the tendering process, adverse weather and delays in design work. This resulted in an underspend of £207k in 2010/11 which has been rolled forward together with RHB funding to enable completion of these works in 2011/12.

- Garage Sites

All sites have now been surveyed with a view to specifying and prioritising work required from the £200k budget. To date one scheme – Swinton, has been issued with a value of £30k.

## 7.6.7 New Build

The 2010/11 outturn report presented to Cabinet Member on the 6<sup>th</sup> June 2011 highlighted the fact that, in total, the New Build Programme underspent by a total of £2.557m due, in the main, to adverse weather conditions experienced during November and December 2010.

This report also highlighted the fact that the New Build funding stream was fully secured on the proviso that Phases 1, 2 and 3 are completed by September 2011, and Phase 4 is completed by November 2011.

As at the end of P4, the update position on new build is as follows:-

- Phase 01  
36 properties were practically completed at Wood Street at the end of May.
- Phase 02  
70 properties have now been completed at Newlands Avenue, Stone Park, Albert Road and Rother View Road.
- Phase 03

21 properties at Albany Road achieved practical completion at the end of July.

- Phase 04  
Work is currently underway to 5 properties at Whitehall Road and is on target to achieve practical completion by the end of September.

It can be seen from the foregoing that work which is still ongoing is still on target to achieve completion by the due dates, thus protecting the New Build funding stream.

Overall, the forecast spend on new build in 2011/12 is £6.086m, which is £1.356m over budget. However, when the funding identified in 2010/11, but not spent, i.e. slippage of £2.557m is brought forward, it can be seen that overall the New Build Programme will deliver savings of in excess of £1m. This will result in reduced prudential borrowing and in turn reduces the interest charged. The table below demonstrates the savings:-

	<b>2009/10 £000's</b>	<b>2010/11 £000's</b>	<b>2011/12 £000's</b>
<b>Spend per Programme / Forecast</b>	114	8,669	6,086
<b>Funding per Programme</b>	-114	-11,226	-4,730
<b>Unfinanced Spend 09/10</b>			114
<b>Funding Brought Forward</b>	-	-	-2,557
<b>Net Position</b>	0	-2,557	-1,087
<b>Funding Carried Forward</b>	0	2,557	1,087

#### **7.6.8 Summary**

In summary, subject to resources being brought forward from 2010/11, the 2011/12 HIP will outturn at £23.491m in line with budget available.

### **8. Finance**

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



## FUNDING POSITION

<b>SOURCE</b>	<b>BASE PROGRAMME</b>	<b>RESOURCES BROUGHT FORWARD</b>	<b>TOTAL FUNDING</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
New Build Grant	2.359	0	2.359
Regional Housing Board	0.495	0.340	0.835
General Fund Contribution	0.760	0	0.760
Major Repairs Allowance	12.263	0	12.263
Capital Receipts Assumed by NIS	0.939	0.381	1.320
Revenue Contribution by Capital Outlay (RCCO)	0.800	0	0.800
Disabled Facilities Grant	0.979	0	0.979
Growth Programme Funding	0	0.109	0.109
Prudential Borrowing re New Build	2.049	1.356	3.405
CERT – New Build	0.322	0	0.322
Capital Receipts - RTBs	0.339	0	0.339
<b>Total Funding Available</b>	<b>£21.305</b>	<b>£2.185</b>	<b>£23.491</b>

The Base Programme column highlights the level of resources identified to meet the cost of the base programme as approved by Cabinet and the second column identifies funds brought forward from 2010/11 to meet forecast slippage into 2011/12.

This results in an overall level of resources of £23.491m which is in line with forecast spend.

### **9. Risks and Uncertainties**

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

- Voids – potential overspend due to high specification.  
**Mitigation** – continual monitoring and delayed start of low priority work in order to contain any overspend.
- Early Warning Notice – Morrison. Value of claim requested from contractor in order that works of a similar value can be slipped into 2012/13.
- Capital Receipts. As in previous years the HIP is supported by Right to Buy receipts of which the Council has no direct control but monitors levels very closely.  
**Mitigation:** Ongoing monitoring.

## **10. 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 23<sup>rd</sup> February 2011.

Report to Cabinet Member for Safe and Attractive Neighbourhoods 6<sup>th</sup> June 2011.

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