

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	30 July 2012
3.	Title:	Housing Investment Programme (HIP) 2012/13 Quarter 1 Monitor Report
4.	Directorate:	Neighbourhoods and Adult Services

5.0 Summary

This report presents progress to date on the 2012/13 Capital Programme, together with a forecast out-turn position to the end of the financial year.

Based upon activity to date, the forecast out turn position is that spend will be contained within the revised budget of £25.020m.

6.0 Recommendations

That Cabinet Member receives and notes the revised budget position and the financial forecast.

7.0 Proposals and Details

7.1 Background

7.1.1 The 2012/13 HIP was approved by Cabinet on the 23 April 2012 with a total programmed spend of £23.577m.

7.1.2 Since that date additional funding of £443k has been identified to meet the cost of private sector aids and adaptations plus Cabinet approved the release of £1m from the Business Plan borrowing headroom to be used for the opportunity acquisition of New Build housing stock as a means to replace existing housing stock lost through Right To Buy (RTB) legislation.

This has resulted in a revised programme spend of £25.020m.

7.1.3 Cabinet Member recently considered the 2011/12 indicative Out-turn report which identified an overall underspend on the HIP Programme as a result of both slippage and savings in year.

This resulted in resources not used in 2011/12 being carried forward.

However, the cost of works which have slipped from 2011/12 into 2012/13 can be met from existing resources already budgeted for within this year. Therefore the savings generated in 2011/12 will be applied in later years to address the investment requirements in the 30 year Business Plan.

7.1.4 Budget Monitoring for 2012/13 is therefore against the revised budget of £25.020m as detailed at Appendix A of this report.

7.1.5 Based upon spend and commitments to date, the forecast overall spend on the 2012/13 HIP is that spending will be in line with the revised budget as shown in the table below:-

	Original Budget £,000s	Revised Budget £,000s	Forecast Out-turn £,000s	Variance to Revised Budget £,000s
Refurbishments	11,904	12,124	12,115	-0.009
Other Capital Works	5,910	5,590	5,599	+0.009
Total Capital Works to Properties	17,814	17,714	17,714	0
Fair Access to All	2,827	3,270	3,270	0
Regeneration and Renewal	2,691	2,791	2,791	0
Other Public Sector	0,245	1,245	1,245	0
<u>Total Capital Programme</u>	<u>23,577</u>	<u>25,020</u>	<u>25,020</u>	<u>0</u>

The balance of this report will provide an overview of the forecast out-turn position together with a narrative on the changes from original budget to revised budget.

7.2 Details

7.2.1 Total Capital Works to Properties

It can be seen from Appendix A and the table above, that the forecast out-turn on total Capital Works to Properties, based upon spend and commitments to date is £17.714m which is line with the revised budget sum.

It may also be noted that the revised budget sum is £100k lower than the £17.814m approved by Cabinet. The reduction of £100k is offset by an increase of the same amount within the Regeneration and Renewal budget which is to account for an increase in spend on capital works to garage sites carried forward from 2011/12.

Overall, there is minimal variance to the revised budgets within total works to properties as follows:-

Refurbishments

A total of £12.124m was budgeted for refurbishment works, and based upon activity to date, the forecast out-turn is £12.115m, which is £9k under budget.

Whilst spend is broadly in line with budget, considerable work has been carried out to identify works from this budget head which will be let through the partnering contracts in place with Morrison and Willmott Dixon and for additional works to be procured through the EFramework contracts currently in place.

To date the following has been identified:

- 605 properties will receive internal refurbishment works. These works which include combinations of kitchens, bathrooms, rewires etcetera are for properties which are now presenting as requiring decency works. In addition a programme of works have been drawn up to address decency works to properties where tenants have previously refused, but have now indicated that they have changed their minds.
Work is now complete in 116 properties.
- Approximately 1,600 properties will receive combined external works consisting of a combination of roofing works, rain water goods, fascias, soffits, barge boards and render/pointing works.
- Works to windows and doors have now been surveyed and the work specification is being prepared with a view to a late summer start.
- Central Heating/Replacement Boilers
Work is ongoing to replace defective ISA boilers as identified in previous reports.

Other Capital Works

A total of £5.590m was budgeted for other works to properties . Based upon activity to date, the forecast out-turn is £5.598m which is a minimal £8k over budget.

Progress on the schemes of work which are set out in detail within Appendix A is as follows:-

- Environmental. One scheme of work has been developed for Pike Road and work is currently underway to develop a further scheme.
- Empty Homes. Budget provision is for 150 number of empty homes in 2012/13 and whilst the activity to date is slightly below that budgeted for, this is a particularly responsive service. Therefore, at this stage of the year, the forecast is a spend of £1.573m which is minimally below the budget provision of £1.588m
- Communal Doors. Tender documentation will be sent to the E North Framework at the end of July to upgrade existing communal doors to a high security specification.
- Lift Replacement – Beeversleigh. Scheduled return of tenders date 30 July 2012 with an anticipated start date at the end of this year.
- Flat Doors Tender documentation to go to E North Framework by mid July with a view to upgrading existing flat doors to a higher security/fire retardant specification.
- One Off Improvement Works To date 4 properties have been identified as one off properties requiring substantial investment with a total commitment of £107k
- EPC Properties Work is ongoing to finalise a scheme of works for cavity wall, loft insulation and external wall insulation against this budget head.

As in 2011/12 Indicative budget heads have been set against specific work streams. However, when actual schemes of work are finalised budget allocations will need to be adjusted to meet the target costs of work allocated to contractors whilst still ensuring that the overall budget allocation is not exceeded.

In addition once schemes of work get to site, the target costs may vary due to omissions and additions, particularly in light of customer refusals.

Wherever possible, schemes of works scheduled to start in 2013/14 will be brought forward to take advantage of any savings and maximise expenditure within the year.

The programme is monitored on an ongoing basis and key changes will be identified within the quarterly Capital Programme Monitoring Reports presented to Cabinet Member.

7.2.2 Fair Access to All

The table at Paragraph 7.1.5 identifies that the original budget set for aids and adaptations works to be carried out in 2012/13 was £2.827m and that this sum has now been increased to £3.270m, an uplift of £443k.

The uplift, which relates to the private sector Disabled Facilities Grant (DFG) is shown in the table below.

	Original Budget £,000s	Revised Budget £,000s	Variance to Revised Budget £.000s
Disabled Facilities Grant	748	979	+231
Prudential Borrowing	117	53	-64
Capital Receipts	312	588	+276
<u>Total Budget</u>	<u>1.177</u>	<u>1.620</u>	<u>+443</u>

As can be seen, the actual DFG allocation which was awarded after the original budget was drawn up, was £231k higher than estimated. However, this is offset in part by a reduction of £64k in the prudential borrowing available.

In addition to the above, the total capital receipts available to support private sector aids and adaptations was increased by £276k as a result of the 2011/12 Capital Programme funding strategy.

Cabinet Member may recall that at the end of 2011/12, the Revenue Contribution to Capital Outlay (RCCO) was increased by £250k to fund capital works in year. As a consequence of this action, the Right To Buy (RTB) receipts generated in 2011/12 were not required to fund spending in that year, and have been brought forward to underpin the 2012/13 Aids and Adaptations Programme.

The revised budget of £3.270m consists of £1.620m private sector and £1.650m public sector, and based upon activity to date, the forecast out-turn is that spending will be in line with budget provision.

7.2.3 Regeneration/Neighbourhood Renewal

Appendix A of the report identifies that the overall budget of £2.791m for neighbourhood renewal work is allocated as £1.589m for public sector works and £1.202m for private sector works. This is an increase of £100k when compared to the original budget to reflect the

transfer of resources from Total Capital Works to Properties to meet the cost of garage works carried forward from 2011/12 as described in paragraph 7.2.1.

Progress to date is as follows:

- Private Sector. Overall there is a minimal forecast overspend of £5k on this budget head. However, the following paragraphs identify potential issues on some sites as follows:-
 - Maltby Transformational Change. This £50k budget is to complete demolition prior to marketing the site for development. Notice to seek possession has been issued and it is anticipated that costs will be contained within budget.
 - Dinnington Transformational Change. This scheme involves demolition, acquisition and some structural works to secure properties, all part of this gateway project for street scene enhancements.

Cabinet Member may be aware that negotiations have been ongoing for a considerable time with existing residents and the need to relocate them.

Ward Members at a recent Approved Development Framework Meeting expressed a preference to pursue a Compulsory Purchase Order (CPO) to resolve this issue.

If this is pursued, then the scheme, together with funding, will be slipped into 2013/14.

- Canklow Phase 2. Negotiations for the acquisition of properties on Warden Street and Canklow Road are currently ongoing with 3 properties anticipated to complete by the end of July. If this is achieved, demolition will commence in September. Whilst spend on this budget head is currently forecasting to budget, final out-turn will be dependant upon the acquisition costs of a total of 13 properties scheduled for 2012/13.
- Bellows Road. This scheme revolves around the redevelopment of the Rawmarsh Shopping Centre and progress is dependant upon the council's partner developing new units for existing shop owners to relocate into.

Two businesses are due to relocate in late August, with others due to move at the beginning of 2013. Whilst spend is currently forecast to be in line with budget, the complexities and previous delays experienced within this project, could result in some slippage into 2013/14.

- Occupation Road. This scheme is for the redevelopment of a garage site which is currently a hot spot for severe antisocial behaviour.

Work is currently ongoing to decant existing garage owners and both vehicular and pedestrian access to the area has been restricted.

- Public Sector. Overall there is a minimum forecast under spend of £5k against the budget provision of £1.589m.

Progress to date on programmed works is as follows:-

- Non Traditional Properties. The forecast spend on this budget head is £1.289m in line with budget provision.

Work is still ongoing to properties at Whiston which were carried forward from 2011/12. This scheme is due to complete at the end of August, and to date 62 properties have been completed, with a further 21 in progress.

Additional schemes of work have been drawn up at Rawmarsh and Swallownest in the south of the borough to commence later in the year.

- Garages. Forecast spend is marginally below the budget provision of £300k.

Work is currently ongoing at the Kimberworth Park site with a scheduled completion date of the end of July

In addition, work is currently ongoing to draw up schemes of work based upon investment requirements identified in the APEX database.

7.2.4 Other Public Sector

The table at paragraph 7.1.5 of this report identifies that the budget for other Public Sector spend has increased from the original budget provision of £0.245m up to £1.245m to reflect the recent approval from Cabinet Member to release £1m of additional funding to embark on a programme of the opportunity acquisition of properties through local development companies or RTB buy-backs.

Based upon activity to date, forecast out-turn on the total budget head is in line with budget provision with progress on the individual budget heads as follows :

- Custom Built. A custom build appraisal report is currently being considered to determine whether a self-build project is appropriate for Braithwell Road.
- Opportunity Acquisitions. A report has been agreed by Cabinet Member outlining the protocol which will be

adopted when consideration is being given to opportunity acquisitions.

Negotiations will now commence with local developers to pursue the acquisition of an estimated 15 properties, at an average value of £65k.

7.2.5 Summary

Overall, the forecast out-turn position for the 2012/13 HIP, based upon activity up to the end of Quarter 01, is a spend of £25.020m from an approved revised budget of £25.020m.

8.0. Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP in 2012/13 and also sets out the changes in funding from the original budget position as approved by Cabinet, to the revised budget as set out in this report.

	Original Budget £000's	Revised Budget £000's	Forecast Out-turn £000's	Variance £,000s
Major Repairs Allowance (MRA)	19,991	20,003	20,003	0
Revenue Contribution (RCCO)	962	950	950	0
Right to Buy Receipts (RTBs)	312	588	588	0
Disabled Facilities Grant (DFG)	748	979	979	0
Commuted Sums	145	145	145	0
Grant Funding	175	175	175	0
General Capital Receipts	1,127	1,127	1,127	0
Prudential Borrowing	117	053	053	0
Borrowing - HRA	0	1,000	1,000	0
Total	<u>23,577</u>	<u>25,020</u>	<u>25,020</u>	<u>0</u>

It can be seen that the original budget funding stream of £23.577m has been revised to take into consideration the changes in funding for Aids and Adaptations – private sector, and to include an additional £1m of borrowing to meet opportunity acquisitions as outlined within the report.

The revised budget funding stream of £25.020m is fully aligned with the revised budget spend.

9.0 Risks and Uncertainties

- Empty Homes. Work to empty homes is difficult to forecast as this is a very responsive service. If the number of empty homes increase, the cost of works will increase.

Mitigation: Weekly monitoring.

- Aids and Adaptations. The provision of aids and adaptations is also a responsive service and major works within the private sector are governed by a mandatory requirement to complete works within a six month period.

Whilst delivery of the service is closely monitored, expenditure could increase.

Mitigation: ongoing monitoring.

- Slippage and Savings. High levels of tenant refusals to work being carried out could lead to slippage of works and/or underspends. This could impact upon the level of turnover issued to our repair and maintenance partners.

Mitigation: Ongoing capital programme monitoring identifies savings/slippage at an early stage, thus allowing the introduction of new works and/or the acceleration of works from 2013/14.

- Capital Receipts. As in previous years the HIP is supported by both RTB and general receipts, of which the council has no direct control, but continues to monitor closely.

Mitigation: ongoing monitoring.

10.0 Policy and Performance

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 healthy communities.
- Improving the environment

9.0 Background Papers and Consultation

Cabinet Report 23 April 2012 approving the 3 year HIP Programme.

The Director of Housing and Neighbourhoods, and The Director Of Strategic Finance have been consulted on this report.

Report Author

Maureen Gatt – Finance Director; Neighbourhoods and Adult Services
maureen.gatt@rotherham.gov.uk; Ext. 742288