

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

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| 1. | Meeting: | Cabinet Member for Safe and Attractive Neighbourhoods |
| 2. | Date: | 12th November, 2012 |
| 3. | Title: | Housing Investment Programme (HIP) 2012/13 Quarter 2 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 can be contained within the revised budget of £24.554m.

6.0 Recommendations

That Cabinet Member receives and notes the revised budget and the financial forecast to year end.

7.0 Proposals and Details

7.1 The revised 2012/13 HIP was approved by Cabinet Member on the 30 July, 2012 with a total programmed spend of £25.020m.

7.1.2 Since that date 2 custom built pilot projects have been slipped into 2013/14 resulting in a budget reduction of £145k

In addition there has been substantial slippage on 2 private sectors regeneration schemes.

In all cases, funding for the proposed works has been transferred into 2013/14 which has led to a revised 2012/13 HIP of £24.554m as shown in the table below, a reduction of £466k.

7.1.3 Budget Monitoring for 2012/13 is therefore against the revised budget of £24.554m as detailed in Appendix A of this report.

7.1.4 Based upon spend and commitments to date, the forecast overall spend on the revised budget, is that spending will be in line with budget.

| | Adj Budget £000s | Revised Budget £000s | Forecast Out-turn £000s | Variance To revised Budget £000s |
|--|---------------------|-------------------------|----------------------------|-------------------------------------|
| Refurbishments | 12,124 | 12,124 | 12,108 | -0,016 |
| Other Capital Works | 5,590 | 5,590 | 5,606 | +0.016 |
| Total Capital Works to properties | 17,714 | 17,714 | 17,714 | 0 |
| Fair Access to All | 3,270 | 3,270 | 3,270 | 0 |
| Regeneration Renewal | 2,791 | 2,470 | 2,470 | 0 |
| Other Public Sector | 1,245 | 1,100 | 1,100 | 0 |
| <u>Total Capital Programme</u> | 25,020 | 24,554 | 24,554 | 0 |

7.1.5 The balance of this report will provide an overview on the forecast out-turn position, together with a narrative on the changes on budget provision.

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 Capital Works to Properties is £17.714m which is in line with the revised budget

This budget sum can be analysed further, as follows:

Refurbishments

A total of £12.124m was budgeted for refurbishments and, based upon activity to date, the forecast out-turn is £12.108m a minimal underspend of £16k which is broadly in line with Quarter 1 forecast. Work is planned as follows.

- Internals

A total of £3.7m has been allocated for internal works to be delivered through the partnering contracts with Willmott Dixon and Morrison.

A total of 542 are now scheduled to receive Internal Works and to date 202 have been completed, with a further 102 in progress.

As in previous years tenant refusal rates remain high, therefore replacement schemes are being developed to take up any budget savings as they arise.

- Externals

A further £5.7m has been identified for planned external works. Since the last report roofing and external works to blocks of flats at Rockingham have been identified as high priority and therefore funding has been redirected from combined external works to properties to address these issues. £3.3m has been issued to the partner contractors with a further £2.4m to be delivered through Lovells with a planned start on site immediately after Christmas.

However, there is a high percentage of leaseholders within the blocks (25%) and the consultation process is currently being planned. In addition, the delivery of the works will be weather dependant all of which potentially creates a risk of not delivering full spend to budget. These works will be monitored closely, and any forecast underspend will be mitigated, where possible, by accelerating works to flat doors and communal doors and windows.

- Central Heating/Boiler Replacement

Work is ongoing to replace boilers identified through the gas servicing plan, together with a scheme of works to replace defective ISA boilers. Since the last report additional works have been identified to replace Buderas boilers due to high failure, and breakdown rates which are generating cost pressures on the revenue (repairs) budget. A planned replacement programme is now being drawn up, with one scheme of 50 boilers already released.

- Windows and Flat Doors

Work has now been awarded to the successful tenderer to deliver Phase I of the combined windows and doors budget of £812k.

Work is scheduled to start in early November. Phase II is currently being drawn up for delivery within this financial year.

Other Capital Works

It can be seen from Appendix A that the forecast out-turn on other Capital Works based upon activity to Quarter 2, is spend of £5.606m a minimal overspend of £16k against budget.

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

- Empty Homes

There has been an upturn in the level of major voids in the last 2 months and, based upon this, forecast out-turn is for 159 major voids which will be contained within existing budget provision. The current turnaround time is 29.14 days, an improvement against the previous quarter position of 30.01 days.

- Environmentals

Consultations with residents on environmental works at Pike Road Brinsworth have now been concluded and an extensive scheme of work involving footpaths, drying areas, bin storage, security fencing and erection of useable private space will be delivered this financial year. This investment is helping to address ASB and the fear of crime in the neighbourhoods.

- Community Centre Improvements

Feasibility studies are currently underway for four schemes of work to deliver intelligent heating and lighting solutions at:-

- Dawson Croft
- Shaftsbury
- Hampstead Green
- Wellfield Lodge

Work is scheduled to be completed this financial year.

- Communal Doors

A tender has been accepted for the delivery of a three-year programme of replacement communal doors by Banfords with a scheduled start in December.

Works could be accelerated from 2013/14, if required, to take up slippage elsewhere in the Programme.

- EPC Works

Work is currently underway across the Borough to deliver loft and cavity wall insulation works for our tenants. To date 934 installations have been completed.

This work programme attracts 50% grant funding from government as part of the drive against fuel poverty. By proactively seeking out additional funding opportunities we are able to deliver twice as much work than that which could have been achieved through our own resources. The £410k budget reflects the council's 50% contribution.

A further 420 properties are estimated to benefit from this kind of work during the remainder of this year.

As previously reported Indicative budget heads have been set against specific workstreams. However, when actual schemes of work are finalised, budget allocations will be adjusted to meet the target costs of work allocated to contractors whilst still ensuring that the overall budget is not exceeded.

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

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

7.2.2 Fair Access For All

The total budget provision for Fair Access For All is £3.270m which consists of £1.620m for private sector and £1.650m for public sector.

The total number of major adaptations identified to date is 311 private and 278 public, which is higher than anticipated at this point in the financial year. However, this is a responsive service and current forecasts are for spend within budget. This position will be monitored closely in the coming months in order to identify any potential overspends immediately

7.2.3 Regeneration and Neighbourhood Renewal.

Appendix A of this report identifies that an overall budget allocation of £2.470m has been allocated for regeneration works across the borough with £881k assigned to private and £1.589m to public sector. This is £322k less than that reported at Quarter 01 due to the slippage on works within the private sector budget as itemised below.

Private Sector

The major changes to works since the previous report are as follows:-

- Bellows Road

Caddick, the developer of the new shopping centre, needs to pre let the new retail units to demonstrate commercial viability before construction can start on site. There have been a number of barriers to overcome to enable tenants to sign up that has resulted in a delay of a number of months. The impact for the Council is we are unable to spend our budget of £307k, as this was to be used to compensate businesses moving into the new shop units and help with refitting. The revised budget forecast out turn is £30k which will be used to extinguish a business not moving into the new centre and legal works.

We anticipate a start on site this financial year as 4 of the 5 tenants have signed up to a pre let agreement, planning approval has been granted, and the developer has signed a development agreement with the Council.

- Occupation Road

The opportunity to develop new affordable housing on this site has been stalled due to sensitivities around widening the access and will be considered at a later date. In the meantime, the remaining garages will be cleared, a bund will be formed to one elevation and the site will be tidied up. This work will prevent fly-tipping and reduce ASB. As a consequence the original budget of £45k has now been slipped into 2013/14.

Public Sector

The forecast out-turn on the public sector regeneration budget is spend of £1.589m which is in line with budget provision.

Progress on the individual schemes are as follows:-

- Non Traditional Properties

This work is helping the alleviate fuel poverty through external wall insulation works and making the homes structurally stable. The Reema Phase 1 of 83 properties is now complete and the scheme of 56 homes in Swallownest is underway. A further scheme of 436 homes is currently being drawn up for tendering, with the aim of getting onto site in February. This scheme will be significantly larger than the available budget and is planned to be completed in future years.

- Garages

The available budget for garage site improvement works is £300,000, however a programme of works has been identified of £687,000. This work package is currently being tendered with a plan to deliver the programme beyond this year. The initial focus of works will be on addressing ASB, security measures and to enable garage site users to feel less vulnerable.

7.2.4 Other Public Sector

The table at paragraph 7.1.4 of this report identifies that the budget for Other Public Sector spend has reduced from £1.245m to £1.100m as funds have been slipped from 2012/13 into 2013/14 to reflect the following:-

- Custom Build

The Government are keen to stimulate Custom Build as a way of delivering more new housing. The Council has identified two sites which have the potential to deliver this type of development, however we want to link into the Home and Communities Agency (who have funds to support this kind of development) and the Sheffield City Region (SCR) to share our thinking.

Whilst workshops are planned for late November, in conjunction with the HCA, the lead-in period for the development of custom build projects will result in works not starting until 2013/14. As a result the Custom Build Project budget of £65k, together with the Aston Self Build budget of £80k have been slipped into 2013/14 together with the appropriate funding.

- Opportunity Acquisitions.

Following a Borough wide property developer review we have identified the 72 properties which conform to our Strategic Acquisition protocol.

A report will be presented to Cabinet Member for Safe and Attractive Neighbourhoods in November recommending the immediate acquisition of 5 of these properties at a cost of £375,000. The average cost of each home being £75,000. We are prioritising the remaining 67 properties with a view to spreading the expenditure over the next 3 years as the cost of acquisition far exceeds the available budget of £1m for 2012/13 and £2m for 2013/14.

7.2.5 Summary

Overall the forecast out-turn position for the 2012/13 HIP based upon activity to date, is spend of £24.544m in line with revised budgets.

The Quarter 2 budget position has been amended to reflect slippage in spending of £466k. Resources of the same value have been carried forward into 2013/14.

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 position reported at Quarter 1, to the revised budget set out in this report.

| | Original Budget £000s | Revised Budget £000s | Forecast Out-turn £000s | Variance £000s |
|---------------------------------|----------------------------------|---------------------------------|------------------------------------|---------------------------|
| Major Repairs Allowance (MRA) | 20,003 | 20,003 | 20,003 | 0 |
| Revenue Contribution (RCCO) | 950 | 950 | 950 | 0 |
| Right to Buy Receipts (RTBs) | 588 | 588 | 588 | 0 |
| Disabled Facilities Grant (DFG) | 979 | 979 | 979 | 0 |
| Commuted Sums | 145 | 0 | 0 | -145 |
| Grant Funding | 175 | 176 | 176 | 001 |
| General Capital Receipts | 1,127 | 805 | 805 | -322 |
| Prudential Borrowing | 053 | 053 | 053 | 0 |
| Borrowing - HRA | 1,000 | 1,000 | 1,000 | 0 |
| Total | 25,020 | 24,554 | 24,554 | -466 |

The revised budget funding stream of £24.554m is fully aligned with the revised forecast 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.

- Severe Winter Weather. A severe winter may impact on the ability to deliver all of the external works scheduled within the Programme.

Mitigation: Ongoing monitoring and the preparation of new works to be introduced into the programme in the event of severe weather, together with the identification of existing works which could be accelerated.

- 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 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 healthy communities.
- Improving the environment

11.0 Background Papers and Consultation

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Year-End Working Papers

Cabinet Member Report – HIP 2012/13 Quarter 1 Monitoring Report.