

**ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER**

<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
<b>2.</b>	<b>Date:</b>	<b>18 February 2013</b>
<b>3.</b>	<b>Title:</b>	<b>Housing Investment Programme (HIP) 2012/13 Quarter 03 Monitor Report</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

**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 £24.658m.

**6.0 Recommendations**

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

## 7.0 Proposals and Details

7.1 The revised 2012/13 HIP was approved by Cabinet Member on 12 November

2012 with a total programmed spend of £24.554m.

7.1.2 Since that date additional resources to fund the Programme in 2012/13 have been identified as follows:-

- £234k additional Disabled Facilities Grant (DFG) for private sector aids and adaptations
- £36k additional energy efficiency grant for loft insulation and cavity walls in our properties.

This has resulted in an increase in the Programme value of £270k

In addition to the increase, slippage of £166k has been identified on Opportunity Acquisitions. (It should be noted that the funds identified to underpin the acquisitions that have slipped will be carried forward into 2013/14 and will not be lost.) This will result in a total overall spend of £24.658m.

Budget Monitoring for 2012/13 is therefore against the revised budget of £24.658m as detailed in Appendix A of this report.

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

	<b>Nov Budget £000s</b>	<b>Revised Budget £000s</b>	<b>Forecast Out-turn £000s</b>	<b>Variance To Budget £000s</b>
Refurbishments	12,094	12,094	12,243	+149
Other Capital Works	5,620	5,656	5,507	-149
<b>Total Capital Works to properties</b>	<b>17,714</b>	<b>17,750</b>	<b>17,750</b>	<b>0</b>
Fair Access to All	3,270	3,504	3,504	0
Regeneration Renewal	2,470	2,470	2,470	0
Other Public Sector	1,100	934	934	0
<b><u>Total Capital Programme</u></b>	<b>24,554</b>	<b>24,658</b>	<b>24,658</b>	<b>0</b>

7.1.4 The balance of this report will provide an overview on the forecast outturn 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 £17.750m which is in line with the revised budget sum. This represents an increase of £36k to reflect addition grant funding to undertake energy efficiency works.

This budget sum can be analysed further, as follows:

#### Refurbishments

A total of £12.094m is budgeted for refurbishments to properties and, based upon activity to date, the forecast outturn is £12.243m an overspend of £149k.

Work is planned as follows:-

- Internals

A total of £3.243m has been allocated for internal works to be delivered through the partnering contracts with Willmott Dixon and Morrison.

A total of 496 are now scheduled to receive Internal Works and to date 348 have been completed, with a further 64 in progress and 84 still to start.

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 £6.377m has been identified for planned external works. High priority works have been identified, including extensive roofing and external works to blocks of flats at Rockingham.

Of the external works, £3.885m has been allocated to the partner contractors with a further £2.492m to be delivered through Lovells. Work commenced at Rockingham just after Christmas.

Current forecasts are that spend will be delivered in line with budgets.

However, there is a high percentage of leaseholders within the blocks (25%) Consultation is currently underway with everyone affected. In addition, the delivery of the works will be weather

dependant. These factors could potentially create a risk of not delivering full spend to budget. These works will be monitored closely, and any forecast underspend will be mitigated, where ever possible, by accelerating works to flat doors, communal doors and windows schemes.

- 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. As the year has progressed, the number of boiler failures requiring action has continued to increase and therefore savings identified elsewhere within the programme have been transferred to this budget head to address a potential overspend.

Three schemes of planned replacement ISA boilers are underway with a scheduled January completion.

#### 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 commenced 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 3, is spend of £5.507m an underspend of £149k 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 few months and, based upon this, forecast out-turn is for 136 major voids which will result in minimal savings of £22k. The current turnaround time is 27.35 days, an improvement against the quarter 2 position of 29.14 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 erections 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.

Additional works have been identified as follows:-

- Maltby – gates and railing treatments to address motorbike and vehicle nuisance.
- St John's Green – Work to stairwells/environment to design out crime.
- West Melton – scheme to create parking facilities.

It is anticipated that all works will be completed, and full budget spend achieved by the end of the financial year.

- Community Centre Improvements

Feasibility studies have been prepared for four schemes of work to deliver intelligent heating and lighting solutions at:-

- Dawson Croft
- Shaftsbury
- Hampstead Green
- Wellfield Lodge

Dawson Croft goes out to tender in January.

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 and work started 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.

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 £446k budget reflects the council's 50% contribution.

A total of 1,360 properties are estimated to benefit from this kind of work during 2012/13.

As reported elsewhere an additional £36k of grant funding has been generated to provide air source heat pumps at Ulley and Firbeck.

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 original budget provision for Fair Access For All was £3.270m which consists of £1.620m for private sector and £1.650m for public sector. DCLG has now awarded an additional £234k of DFG to support private sector adaptations. This has resulted in a revised budget of £3.504m

The total number of major and minor adaptations identified to date is 433 private and 436 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 is being closely monitored 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.

## Private Sector

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

### Maltby Transformational Change

The remaining tenant at Newland Avenue is scheduled to vacate at the end of January which will allow the demolitions to proceed, fully utilising the £50k budget.

### Dinnington Transformational Change

Whilst demolition is planned for February/ March, party wall negotiations are still ongoing at Monksbridge. If negotiations do not conclude shortly, there will be slippage of an estimated £80k against this budget head. The funding associated with the work will be slipped into 2013/14 and therefore not lost.

### Canklow Phase 1 and 2

Acquisition of properties associated with the development of this site is currently ongoing. Current forecasts are that full budget spend of £560k will be achieved.

## 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 to alleviate fuel poverty through external wall insulation works and making the homes structurally stable.

The 83 Whiston Reema properties have now been completed. However the start date on the Swallownest site of 56 Reemas has been slightly delayed with a December start on site, through to a May completion date.

A scheme of work for the remaining 436 defective properties, is scheduled to go out to tender in February with a March start. The majority of spend on this budget head will fall in 2013/14.

### Garages

The tender for works to the garage sites was awarded to Lovells and work is now ongoing to identify priorities for completion this

financial year. It is anticipated that full budget spend will be achieved in year.

#### **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 £1.100m to £934k as funds have been slipped from 2012/13 into 2013/14 to reflect the following:-

##### Opportunity Acquisitions

A report is scheduled to be presented to Cabinet in February recommending the acquisition of:

- 3 properties at Kingsfisher Walk at a cost of £65k per property.
- 2 properties at Hopwood Park at a cost of £90k per property..

The total cost of acquisition will be £375k with the average cost of acquisition significantly lower than the Council building houses of a similar type.

In addition to the above, a request will be made for a forward commitment to acquire the following properties in 2013/14.

- 12 properties at Lakeside Manvers at a cost of £65k per apartment.

Whilst a total of 70 units for acquisition have been identified to date, it is felt that the majority of the acquisitions will occur in 2013/14 onwards. As a consequence the original budget of £1m has been reduced to £834k and the budget provision transferred into 2013/14.

##### Site Development

Work continues to develop a pilot project to provide built to let properties in Rotherham within the £100k budget.

#### **7.2.5 Summary**

Overall the forecast out-turn position for the 2012/13 HIP based upon activity to date, is spend of £24.658m in line with revised budgets.

The Quarter 2 budget position has been amended to reflect slippage in spending of £166k for Opportunity Acquisitions. Resources of the same value have been carried forward into 2013/14. In addition,



funding of £234k DFGS and £36k grant funding have now been included in the revised budget for Quarter 3.

## 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 2, to the revised budget set out in this report.

	<b>Nov Budget £000s</b>	<b>Revised Budget £000s</b>	<b>Forecast Out-turn £000s</b>	<b>Variance to Budget £000s</b>
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	1,213	1,213	0
Commuted Sums	0	0	0	0
Grant Funding	176	212	212	0
General Capital Receipts	805	805	805	0
Prudential Borrowing	053	053	053	0
Borrowing - HRA	1,000	834	834	0
<b>Total</b>	<b>24,554</b>	<b>24,658</b>	<b>24,658</b>	<b>0</b>

The revised budget funding stream of £24.658m 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 2 Monitoring Report.

Ward Details	2012/13 Programme			
	Budget £	Manager's Forecast £	Variance (Over + / Under -) £	%age (Over + / Under -) %
<b>REFURBISHMENT / IMPROVEMENTS</b>				
Refurbishment	10,884,000	9,620,914	-1,263,086	-11.60%
Windows	290,000	292,280	2,280	0.79%
Replacement of Central Heating / Boilers	920,000	2,330,073	1,410,073	153.27%
<b>REFURBISHMENT / IMPROVEMENTS TOTAL</b>	<b>12,094,000</b>	<b>12,243,267</b>	<b>149,267</b>	<b>1.23%</b>
<b>OTHER CAPITAL WORKS</b>				
Empty Homes	1,588,000	1,565,534	-22,466	-1.41%
Replacement of Communal Doors (High Security)	300,000	300,000	0	0.00%
Environmental Works	500,000	500,000	0	0.00%
Electrical Board & Bond	140,000	91,200	-48,800	-34.86%
Community Centre Improvements (5 Year Programme)	250,000	250,000	0	0.00%
Communal Aerial Replacement (Digital Upgrade)	10,000	10,000	0	0.00%
Asbestos Removal & Testing	370,000	370,000	0	0.00%
Flat Door Replacement	522,000	522,000	0	0.00%
District Heating Conversions	300,000	221,999	-78,001	-26.00%
One-Off Properties	150,000	150,000	0	0.00%
EPC Improvements	446,000	446,000	0	0.00%
New IT System	580,000	580,000	0	0.00%
Communal Hallways	100,000	100,000	0	0.00%
General structures	300,000	300,000	0	0.00%
Lift Replacement	100,000	100,000	0	0.00%
<b>OTHER CAPITAL PROJECTS TOTAL</b>	<b>5,656,000</b>	<b>5,506,733</b>	<b>-149,267</b>	<b>-2.64%</b>
<b>ALL WORKS TO PROPERTIES TOTAL</b>	<b>17,750,000</b>	<b>17,750,000</b>	<b>0</b>	<b>0.00%</b>
<b>FAIR ACCESS TO ALL</b>				
Disabled Adaptations (Public Sector)	1,650,000	1,650,000	0	0.00%
Disabled Adaptations (Private Sector)	1,854,256	1,854,256	0	0.00%
<b>FAIR ACCESS TO ALL TOTAL</b>	<b>3,504,256</b>	<b>3,504,256</b>	<b>0</b>	<b>0.00%</b>
<b>REGEN. / NEIGHBOURHOOD RENEWAL</b>				
<b>PUBLIC SECTOR</b>				
Non-Traditional Investment	1,289,000	1,289,000	0	0.00%
Garage Site Investment	300,000	300,000	0	0.00%
<b>Public Sector Sub Total</b>	<b>1,589,000</b>	<b>1,589,000</b>	<b>0</b>	<b>0.00%</b>
<b>PRIVATE SECTOR</b>				
Maltby Transformational Change (RHB)	50,000	50,000	0	0.00%
Dinnington Transformational Change (RHB)	240,000	240,000	0	0.00%
Canklow Phase 1 & 2	560,000	560,000	0	0.00%
Bellows Road Service Centre Clearance	30,000	30,000	0	0.00%
Ship Inn Demolition	1,203	1,203	0	0.00%
<b>Private Sector Sub Total</b>	<b>881,203</b>	<b>881,203</b>	<b>0</b>	<b>0.00%</b>
<b>REGEN. / NEIGHBOURHOOD RENEWAL TOTAL</b>	<b>2,470,203</b>	<b>2,470,203</b>	<b>0</b>	<b>0.00%</b>
<b>OTHER PUBLIC SECTOR</b>				
<b>HCA NEW BUILD</b>				
Site Development	100,000	100,000	0	0.00%
Opportunity Acquisition	834,000	834,000	0	0.00%
<b>OTHER PUBLIC SECTOR TOTAL</b>	<b>934,000</b>	<b>934,000</b>	<b>0</b>	<b>0.00%</b>
<b>SUB TOTAL 2</b>	<b>6,908,459</b>	<b>6,908,459</b>	<b>0</b>	<b>0.00%</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>24,658,459</b>	<b>24,658,459</b>	<b>0</b>	<b>0.00%</b>