

## ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1.	<b>Meeting:</b>	<b>Cabinet Member for Safe and Attractive Neighbourhoods</b>
2.	<b>Date:</b>	<b>17 June 2013</b>
3.	<b>Title:</b>	<b>Housing Investment Programme 2012/13 Outturn</b>
4.	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### 5.0 Summary

This report represents the outturn position for the 2012/13 Capital Programme.

As at the end of 2012/13, the final spend (subject to external audit) on the Housing Investment Programme was £21.890m compared to a budget provision of £22.777m, an underspend of £887k (-3.90% variance).

The report will provide details of savings and slippage on the individual schemes of work with the overall programme, and highlights the fact that the resources not drawn down in 2012/13 will be carried forward into next year.

### 6.0 Recommendations

That Cabinet Member receives and notes the 2012/13 outturn position.

## 7.0 Proposals and Details

7.1.1 This budget report is based upon the outturn position for the Housing Investment Programme (HIP) 2012/13.

7.1.2 The outturn position, which is subject to external audit, is total spend of £21,889,938 against the revised budget of £22,777,199 which has resulted in an underspend of £887,261 as demonstrated within the table below.

	<b>*Quarter 3 Budget Reported to Cabinet</b>	<b>Final Budget 12/13 £,000s</b>	<b>Out-turn 2012/13 £,000s</b>	<b>Variance £,000s</b>
Refurbishments	12,094	11,987	12,339	353
Other Capital Works	5,656	5,317	4,492	-824
<b>Total Capital Works to properties</b>	<b>17,750</b>	<b>17,303</b>	<b>16,832</b>	<b>-471</b>
Fair Access to All	3,504	3,109	3,254	145
Regeneration/Neighbourhood Renewal	2,470	1,829	1,614	-214
Other Public Sector	934	535	188	-346
<b>Total Revised Capital Programme</b>	<b>24,658</b>	<b>22,777</b>	<b>21,889</b>	<b>-887</b>

\*It should be noted that the last forecast reported to Cabinet for Safe and Attractive Neighbourhoods (18<sup>th</sup> February 2013 - Minute No. 61 refers) was at Quarter Three Outturn. In the last quarter the budget was revised from £24.658m to £22.777m.

The revisions to the budget from Quarter 3 to the Final Budget were for the following reasons:

- Extreme weather events of heavy snow and sustained low temperatures below 5 degrees impacted adversely on Capital Works.
- Window and door supply chain issues resulted in significant programme revision.
- Private sector schemes at Canklow and Dinnington were re-profiled to accommodate protracted legal procedures
- A number of strategic property acquisitions to generate new council homes were deferred to 13/14.

The balance of this report will provide an overview on the £887k (-3.90% variance) underspend outturn position against Final Budget on the main spending heads of the HIP Programme 2012/13.

## 7.2 Details

### 7.2.1 Capital Works to Properties

Appendix A provides the full programme breakdown of budget, outturn and variance by project line and should be referred to in conjunction with the following explanations.

### **7.2.2 Refurbishments (Budget £10.884m Outturn £9.718m Variance £-1.165m)**

Refurbishments is comprised of Internal Works (Decent Homes) and External Works (Roofing, pointing, cladding).

- Internals: Previous report identified that there has been a high level of refusals by tenants for internal refurbishment works. During the year any savings arising through refusals has been utilised to bring forward works scheduled to be undertaken during 2013/14. Tenant access issues resulted in a modest underspend at year end.
- Externals: Major capital investment to external elements of dwellings such as replacement roofs and external works to blocks of flats was reduced in the last quarter as monitoring across the programmes revealed that the forecast for central heating replacement was under pressure; investment was increased in boilers in order to reduce revenue repair costs.

Actual Internal refurbishments completed to 457 properties.

Actual External refurbishment work completed on 432 dwellings and 77 blocks of flats.

### **7.2.3 Windows (Budget £183,004 Outturn £40,651 Variance £-142,353)**

Significant supply chain issues meant that progress to deliver both the window and door programmes stalled in the final quarter whilst matters were resolved with the contractors. Customers were kept fully informed.

Actual Replacement/improvement works to windows in 88 properties.

### **7.2.4 Replacement of Central Heating/Boilers (Budget £920,000 Outturn £2.580m Variance £1.660m)**

In order to reduce the revenue burden as a result of repairs it was identified that significantly more capital investment in 2012/13 was required. External works were reduced to accommodate the increased investment.

Actual Replacement central heating boilers were 468 of which 370 were to replace Ideal Isars and 54 were within the Buderus Programme.

### **7.2.5 Empty Homes (Budget £1.588m Outturn £1,300,882 Variance £-287,118)**

In the final quarter less major voids were completed than anticipated.

Actual number of voids was 1,654 of which 132 required major investment.

**7.2.6 Replacement Communal Entrance Doors  
(Budget £112,000 Outturn £120,137 Variance £8,137)**

A modest amount of work was accelerated in the last period to take up slippage elsewhere in the programme.

High security communal entrance doors were replaced to 11 blocks of flats.

**7.2.7 Environmental Works  
(Budget £500,000 Outturn £422,161 Variance £-77,839)**

Environmental schemes are to external areas and realm. The inclement weather resulted in delay to the Pike Road Scheme, Brinsworth. This work continues into 13/14 and will be completed.

Environmental improvement schemes were in the vicinity of over 500 council homes.

**7.2.8 Electrical Board & Bond  
(Budget £140,000 Outturn £65,226 Variance £-74,774)**

This is a demand led service and the number of properties requiring capital works following Fixed Wire Testing was lower than forecast.

Actual fixed wire test related works were carried out in 50 properties.

**7.2.9 Community Centre Improvements  
(Budget £250,000 Outturn £207,040 Variance £-42,960)**

Tenders submitted for works to Dawson Croft and a roof leak at Hampstead Green, resulting in a revision to works; both generated a modest saving against forecast.

Intelligent heating and lighting improvements were carried out to four Community Centres (Wellfield, Hampstead, Shaftesbury and Dawson Croft).

**7.2.10 Asbestos Removal & Testing  
(Budget £370,000 Outturn £378,051 Variance £8,051)**

Asbestos budget outturned a modest overspend as a result of an increased number of samples to support capital programme works.

Asbestos refurbishment and demolition surveys or samples to support capital programme works were taken in 861 properties.

**7.2.11 Flat Door Replacement  
(Budget £506,000 Outturn £401,638 Variance £-104,362)**

The works were programmed to be achieved by 31<sup>st</sup> March 2013 however; the contractor encountered a problem with supply of materials leading to some of the work being slipped into 2013/14.

Replacement doors were fitted to 410 properties.

**7.2.12 District Heating Conversions  
(Budget £300,000 Outturn £198,797 Variance £-101,203)**

Budget contingency was provided for to mitigate failure due to the forecast, worse than seasonal average, weather. Fortunately, failure was not experienced and underspend resulted. 2013/14 programme provides for a full stock condition survey of all District Heating schemes to enable more accurate forecast in future.

Essential investment was made to district heating service at The Grange, Maltby

**7.2.13 One-Off Properties  
(Budget £150,000 Outturn £49,198 Variance £-100,802)**

Contractors advised that the five projects developed in 2012/13 would be completed by 31<sup>st</sup> March however only two reached completion. The remaining three achieved partial completion and the remaining works moved to 2013/14 programme.

Significant improvement works were undertaken to five properties (three partial).

**7.2.14 EPC Improvements  
(Budget £446,000 Outturn £369,024 Variance £-76,976)**

This budget was to achieve measures to improve thermal efficiency of dwellings and was complemented by levered funding. Funding regimes changed in the last quarter and although an alternative method of contractor engagement was pursued they were not able to deliver all of the commitment they made to install cavity and loft insulation.

Thermal efficiency has been achieved by the installation of six air source heat pumps at Firbeck and Ulley as well as cavity and loft installation at approximately 1,400 properties.

**7.2.15 New IT System (Budget £454,678 Outturn £475,268 Variance £20,590)**

The moderate overspend on this project resulted from a number of revenue costs that were capitalised.

The Implementation Plan is progressing with a current forecast for completion of October 2014 but subject to review once the Civica Project Plan is complete.

#### **7.2.16 General Structures**

**(Budget £400,000 Outturn £421,987 Variance £21,987)**

A backlog of structural work meant that some schemes were profiled into 13/14 however; whole project monitoring reflected that some of the backlog could be undertaken and the resultant overspend accommodated.

Structural stability or improvement works were carried out to 42 properties.

#### **7.2.17 Lift Replacement (Budget £100,000 Outturn £83,153 Variance £-16,847)**

Due to the complex nature of the project to replace the lifts at Beeversleigh and the high risk of adverse impact on residents the budget was left above total scheme cost to accommodate any unforeseen risk; the scheme was successfully completed to tendered cost resulting in underspend overall.

Replacement lifts at Beeversleigh 13-storey block of flats.

### **7.3 Fair Access to All**

#### **7.3.1 Disabled Adaptations (Public Sector)**

**(Budget £1,513,409 Outturn £1,582,736 Variance £69,327)**

#### **7.3.2 Disabled Adaptations (Private Sector)**

**(Budget £1,596,115 Outturn £1,671,730 Variance £ 76,615)**

A series of service improvements and efficiencies led to enablement of some backlog works in the final quarter increasing spend. The increased spend was accounted for against the overall budget.

Disabled aids and adaptations were undertaken in 317 public sector homes.  
Disabled aids and adaptations were undertaken in 266 private sector homes.

### **7.4 Regeneration / Neighbourhood Renewal**

#### **7.4.1 Non-Trad Investment**

**(Budget £820,385 Outturn £847,690 Variance £27,305)**

Opportunity was taken to progress scheme preparation works on the 13/14 Rawmarsh scheme to facilitate going out to tender in April 2013, incurring fees; and some additional costs were incurred as a result of managing a tender issue due to bad weather at Whiston.

Investment was made in 65 Non-Traditional built homes.

**7.4.2 Garage Site Investment  
(Budget £207,405 Outturn £309,684 Variance £102,279)**

Additional work identified in 2012/13 above the budget was able to be undertaken in year.

Investment was made to 43 Garage Sites.

**7.4.3 Maltby Transformational Change  
(Budget £50,000 Outturn £49,845 Variance £-155)**

The outturn was broadly as forecast with the exception of one item not forthcoming from a relocating resident for payment.

Braithwell Road, Maltby was cleared of unsustainable housing in preparation for new housing provision.

**7.4.4 Dinnington Transformational Change  
(Budget £160,000 Outturn £10,318 Variance £-149,682)**

Despite protracted discussion with the owners of dilapidated dwellings at Monksbridge Terrace, negotiations stalled. The budget will not be slipped into 13/14 but a further report may be presented, seeking support, once a review of the project has been concluded.

Gable and curtilage to dilapidated properties at Monksbridge Terrace, Dinnington has been secured.

**7.4.5 Canklow Phase 1&2  
(Budget £560,000 Outturn £370,539 Variance £-189,461)**

This is a multi-year programme of activity to regenerate an area within Canklow. Although protracted legal negotiations with residents and owners led to delay in work anticipated to complete by 31<sup>st</sup> March didn't the discussions also generated savings against forecast costs. This work and budget continues into 13/14.

Ten unsustainable homes have been demolished and a further three acquired in Canklow.

**7.4.6 Bellows Road Service Centre Clearance  
(Budget £30,000 Outturn £29,194 Variance £-806)**

A modest saving against forecast as a result of actual costs being less. This work and budget continues into 13/14 to create a new commercial and residential development in Rawmarsh.

A new electricity sub-station has been accommodated resolving land assembly issue at Bellows Road, Rawmarsh.

#### **7.4.7 Private Sector Support (Budget £0 Outturn £-2,398 Variance £-2,398)**

An accrual from 2011/12 was accommodated in 12/13 for £4k however the actual work invoiced was for less resulting in an underspend.

#### **7.4.8 Ship Inn Demolition (Budget £1,203 Outturn £-222 Variance £-1,425)**

This was an accrual from 2011/12 that was not invoiced.

### **7.5 Other Public Sector**

#### **7.5.1 Site Development (Budget £100,000 Outturn £0 Variance £-100,000)**

The development of a pilot project to develop a custom build scheme in the Borough did not reach fruition.

#### **7.5.2 Opportunity Acquisitions (Budget £435,000 Outturn £166,750 Variance £-268,250)**

This is a multi-year commitment to acquire properties to add to the Council's social housing stock. Strict criteria are applied to the acquisitions which have led to more protracted negotiation than anticipated. This work and budget continues into 13/14.

Three homes have been acquired for social housing at Wath-upon-Dearne.

### **7.6 Slippage to 2013/14**

All works listed below commenced in 12/13 financial year and were programmed to complete prior to 31st March 2013. The budgets were aligned to the programme therefore no allowances have been made for these works in 13/14. Works have slipped their end date and it was agreed that as the 13/14 capital budget has a full programme of works planned, and to reduce the impact on the asset management business plan; the values would be slipped from 12/13 to 13/14:

<b>13/14 Budget Head</b>	<b>12/13 Slippage Value</b>
Refurbishment - Internals	£52,882
Refurbishment - Externals	£104,221
Windows	£170,349
Communal Entrance Doors (High Security)	£179,863
Flat Door Replacement	£120,362
District Heating	£18,000
New IT System	£104,732
Private Sector Aids & Adaptations	£182,526
Public Sector Aids & Adaptations	£67,264
Non-Traditional Dwellings	£441,310
Opportunity Acquisitions - Rawmarsh	£354,000
Opportunity Acquisitions - Wickersley	£45,000
Opportunity Acquisitions - General	£123,250



## 7.7 Summary

7.7.1 Overall the HIP outturn position for 2012/13 is spend of £21,889,938 compared to a budget provision of £22,777,199 an underspend of £-887,261.

Savings and slippage identified within this report are primarily across schemes funded through the Major Repairs Allowance (MRA). These resources will be carried forward into future years.

## 8.0 Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP in 2012/13:

<b>Funding Summary HIP</b>	<b>Quarter 3 Reported £</b>	<b>Outturn £</b>	<b>Variance £</b>
Grants	1,425,459.00	1,288,679.63	-136,779.37
RCCO	950,000.00	957,500.00	7,500.00
Prudential Borrowing HRA	834,000.00	166,750.00	-667,250.00
Prudential Borrowing GF	52,636.54		-52,636.54
Capital Receipts RTB	588,363.46	438,652.06	-149,711.40
Capital Receipts HRA Other	805,000.00	379,767.39	-425,232.61
Client Contributions	0.00	22,300.25	22,300.25
CERT Funding	0.00	21,820.43	21,820.43
S106 - SG4017	0.00	19,825.00	19,825.00
Major Repairs Allowance	20,003,000.00	18,594,643.10	-1,408,356.90
<b>Total</b>	<b>24,658,459.00</b>	<b>21,889,937.86</b>	<b>-2,768,521.14</b>

8.1.1 It can be seen that, in light of the savings/slippage within the programme, the forecast funding requirements have been reduced to match outturn spend. The main variances to funding are as follows:

### 8.1.2 Grants - Regional Housing Board Element

This funding stream has been decreased to reflect the withdrawal from negotiations at Monksbridge Terrace Dinnington. This money will be held in reserves until the project review has been completed.

### 8.1.3 Revenue Contribution to Capital Outlay (RCCO)

RCCO is the application of revenue monies to fund capital spending. The minor additional spend resulted from the inclusion of a revenue contribution from a minor fencing scheme being subsumed into a larger capital programme of works.

#### **8.1.4 Prudential Borrowing HRA**

Due to the lower than anticipated completions of strategic dwelling acquisitions for new council housing, the level of prudential borrowing against the Housing Revenue Account has been reduced. This funding stream is in line to support the budget in 2013/14.

#### **8.1.5 Prudential Borrowing – General Fund and Capital Receipts RTB**

Aids and adaptations in the private sector are supported by a number of funding streams; the level of prudential borrowing against the General Fund and value of capital receipts from RTB, identified at the start of 2012/13 to support this area of work, is less than the outturn. The level of borrowing is therefore reduced and receipts return to reserves.

#### **8.1.6 Capital Receipts HRA Other (JG)**

As a result of the delayed progress on site at Bellows Road Rawmarsh, the use of capital receipts in 2012/13 was less than forecast, a saving of £-425,232.61 which will be carried forward to meet commitment in 2013/14.

#### **8.1.7 Client Contributions**

Client contributions account for private sector aids and adaptations which attract a contribution from the recipients. They are not forecast at the beginning of the year as this is a demand led service. Income is a direct contribution to the cost of the works undertaken.

#### **8.1.8 CERT Funding**

This contribution to the capital programme was made in-year to accommodate works to new homes delivered in 2011/12. Accruals had been allowed for the retention to the projects however unforeseen works beyond the retention amounts were identified. CERT funding was one of the original funding mechanisms and a residual amount held in reserves was used to support the costs.

#### **8.1.9 Section 106**

A previous planning application in Swallownest had a Section 106 provision to erect fencing around a neighbouring greenspace, Alexandra Park. The deadline for achieving the project was in-year and the immediate cost of meeting the project was met from the capital programme; this line records the replacement of that money.

#### **8.1.10 Major Repairs Allowance (MRA)**

It can be seen that the £18.6m of MRA applied in year is substantial below the original budget of £20m.

This is as a result of the savings and slippage within public sector spending as identified elsewhere within this report.

The £1.4m un-utilised MRA will be carried forward into 2013/14.

## **9.0 Risks and Uncertainties**

The 2012/13 Indicative Outturn position will be subject to external audit Policy.

## **10.0 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 Health Communities
- Improving the environment

## **11.0 Background Papers and Consultation**

Dave Richmond, Director of Housing and Neighbourhoods,  
Stuart Booth, Director of Financial Services and Budget Holders have been consulted during the preparation of this report.

Reports to Cabinet Member for Safe and Attractive Neighbourhoods 2 July, 12 November, 2012 and February 2013.  
Year-end Working Papers.

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HIP PROGRAMME 2012-13 POSITION AS AT PERIOD 12					
2012/13 Programme					
	Budget	Outturn	Variance	%age	
	£	£	(Over + / Under -)	(Over + / Under -)	
			£	%	
<b>REFURBISHMENT / IMPROVEMENTS</b>					
Refurbishment	10,884,000	9,718,434	-1,165,566	-10.71%	
Windows	183,004	40,651	-142,353	-77.79%	
Replacement of Central Heating / Boilers	920,000	2,580,605	1,660,605	180.50%	
<b>REFURBISHMENT / IMPROVEMENTS TOTAL</b>	<b>11,987,004</b>	<b>12,339,690</b>	<b>352,686</b>	<b>2.94%</b>	
<b>OTHER CAPITAL WORKS</b>					
Empty Homes	1,588,000	1,300,882	-287,118	-18.08%	
Replacement of Communal Doors (High Security)	112,000	120,137	8,137	7.27%	
Environmental Works	500,000	422,161	-77,839	-15.57%	
Electrical Board & Bond	140,000	65,226	-74,774	-53.41%	
Community Centre Improvements (5 Year Programme)	250,000	207,040	-42,960	-17.18%	
Asbestos Removal & Testing	370,000	378,051	8,051	2.18%	
Flat Door Replacement	506,000	401,638	-104,362	-20.62%	
District Heating Conversions	300,000	198,797	-101,203	-33.73%	
One-Off Properties	150,000	49,198	-100,802	-67.20%	
EPC Improvements	446,000	369,024	-76,976	-17.26%	
New IT System	454,678	475,268	20,590	4.53%	
General structures	400,000	421,987	21,987	5.50%	
Lift Replacement	100,000	83,153	-16,847	-16.85%	
<b>OTHER CAPITAL PROJECTS TOTAL</b>	<b>5,316,678</b>	<b>4,492,562</b>	<b>-824,116</b>	<b>-15.50%</b>	
<b>ALL WORKS TO PROPERTIES TOTAL</b>	<b>17,303,682</b>	<b>16,832,252</b>	<b>-471,430</b>	<b>-2.72%</b>	
<b>FAIR ACCESS TO ALL</b>					
Disabled Adaptations (Public Sector)	1,513,409	1,582,736	69,327	4.58%	
Disabled Adaptations (Private Sector)	1,596,115	1,671,730	75,615	4.74%	
<b>FAIR ACCESS TO ALL TOTAL</b>	<b>3,109,524</b>	<b>3,254,466</b>	<b>144,942</b>	<b>4.66%</b>	
<b>REGEN. / NEIGHBOURHOOD RENEWAL</b>					
<b>PUBLIC SECTOR</b>					
Non-Traditional Investment	820,385	847,690	27,305	3.33%	
Garage Site Investment	207,405	309,684	102,279	49.31%	
<b>Public Sector Sub Total</b>	<b>1,027,790</b>	<b>1,157,374</b>	<b>129,584</b>	<b>12.61%</b>	
<b>PRIVATE SECTOR</b>					
Maltby Transformational Change (RHB)	50,000	49,845	-155	-0.31%	
Dinnington Transformational Change (RHB)	160,000	10,318	-149,682	-93.55%	
Canklow Phase 1 & 2	560,000	370,539	-189,461	-33.83%	
Bellow s Road Service Centre Clearance	30,000	29,194	-806	-2.69%	
Private Sector Support (RHB)	0	-2,398	-2,398		
Ship Inn Demolition	1,203	-222	-1,425	-118.45%	
<b>Private Sector Sub Total</b>	<b>801,203</b>	<b>457,276</b>	<b>-343,927</b>	<b>-42.93%</b>	
<b>REGEN. / NEIGHBOURHOOD RENEWAL TOTAL</b>	<b>1,828,993</b>	<b>1,614,650</b>	<b>-214,343</b>	<b>-11.72%</b>	
<b>OTHER PUBLIC SECTOR</b>					
<b>HCA NEW BUILD</b>					
Site Development	100,000	0	-100,000	-100.00%	
Opportunity Acquisition	435,000	166,750	-268,250	-61.67%	
Carry Over from 11-12 New Builds	0	21,820	21,820		
<b>OTHER PUBLIC SECTOR TOTAL</b>	<b>535,000</b>	<b>188,570</b>	<b>-346,430</b>	<b>-64.75%</b>	
<b>SUB TOTAL 2</b>	<b>5,473,517</b>	<b>5,057,686</b>	<b>-415,831</b>	<b>-7.60%</b>	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>22,777,199</b>	<b>21,889,938</b>	<b>-887,261</b>	<b>-3.90%</b>	