

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	3 February 2014
3.	Title:	Housing Investment Programme 2013/14 - December 2013
4.	Directorate:	Neighbourhoods and Adult Services

5.0 Summary

This report provides an update of the Housing Investment Programme 2013-14 to end of Period 9 December 2013.

As at the end of Period 9 December 2013, total spend on the Housing Investment Programme was £14,164,576 compared to a budget provision of £16,798,595, representing an under spend to date of £2,634,019 (-15.7% variance) against planned expenditure.

The report will provide details of savings and slippage on the individual schemes of work within the overall programme, and highlights the fact that the resources not profiled to be drawn down in 2013/14 will be carried forward into next financial year.

6.0 Recommendations

That Cabinet Member receives and notes the spend and forecast position to end of Period 9 December 2013.

7.0 Proposals and Details

7.1.1 This budget report is based upon the outturn position for the Housing Investment Programme (HIP) up to Period 9 December 2013.

7.1.2 There has been a total spend of £14,164,576 against the revised budget of £16,798,595 which has resulted in an under spend to end December 2013 of £2,634,019.

	2013-14 Budget £	2013-14 Revised Budget £	Actual spend to P9 £	Forecast spend to 31 March 14 £	Forecast Variance to end March 2014 £
Refurbishments	14,303,000	14,609,863	4,759,494	11,416,562	-3,193,301
Other Capital Works	9,934,000	10,377,546	4,656,594	10,310,596	-66,950
Total Capital Works to properties	24,237,000	24,987,409	9,416,088	21,727,158	-3,260,251
Fair Access to All	3,091,000	3,784,215	2,114,851	3,784,215	0
Regeneration/Neighbourhood Renewal	2,960,000	3,398,624	1,939,882	3,430,340	31,176
Other Public Sector	2,166,000	725,335	693,755	750,568	25,233
Total Revised Capital Programme	32,454,000	32,895,583	14,164,576	29,692,281	-3,203,302

There has been a total increase in forecast spend to 31st March 2014 within month of £747,094. This has reduced the forecast underspend from £3,950,396 to £3,203,302.

7.2 Details

7.2.1 Housing Improvement Programme 2013-14 Capital Works

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

7.2.2 Refurbishments

(Revised Budget £14,609,863 Forecast Outturn £11,416,562 Variance - £3,193,301)

Refurbishments is comprised of Internal Works (Decent Homes) and External Works (Roofing, pointing, cladding). Total spend to the end of December 2013 was £4,746,869.

The existing programme primarily focuses on External works to dwellings such as replacement roofs, external works to blocks of flats and replacement of fascia's, soffits and rainwater goods. The programmes have taken longer than anticipated to tender and mobilise, this has resulted in reduced forecast spend. Discussions are ongoing with Keepmoat to increase scope of works, to now include full replacement of fascia boards and felt membrane beneath tiles abutting rainwater goods. This will subsequently increase spend on the fascia's, soffits and bargeboard replacement programme. This financial year

we have completed improvements to 1,669 properties through this programme.

7.2.3 Other Capital Works

(Revised Budget £10,377,546 Forecast Outturn £10,310,596 Variance - £66,950)

The sections below, breakdown individual spend within the Other Capital Works budget.

7.2.4 Environmental – Brinsworth

(Revised Budget £224,337 Forecast Outturn £249,482 Variance £25,145)

Total spend to end of December 2013 was £158,591. This project includes the completion of bin stores, paths and landscaping works around the Pike Road area and will be complete within the current financial year. Increase in forecast spend is a result of higher than anticipated costs at tender stage.

Other Environmental Works

(Revised Budget £1,260,021 Forecast Outturn £1,051,769 Variance -£208,252)

Total spend to the end of December 2013 was £441,524.

A variety of environmental schemes are ongoing and due to commence. Examples include:

Briery Walk, Munsbrough

The removal of overgrown trees and bushes in public open space which were creating secluded locations and blocking street lights. The clearance was the first phase of improvements before looking to improve security of drying spaces and secure drying spaces which have become run down/ damaged over time. We have used fencing to reduce opportunities for rat-runs in an attempt to aid police surveillance and deter opportunities for crime.

St Johns Green, Kimberworth Park

Visually opening and removing sheltered areas on communal stairs to flats above the shops which have had persistent troubles with ASB over many years. Also the installation of gates and railings to improve the security of these flats.

7.2.5 Empty Homes (Revised Budget £1.819m Outturn £2,603,392 Variance £783,750)

Total spend to the end of December 2013 was £1,483,103.

There has been a further increase in forecast spend during P9. Within month the year end forecast has increased by £256,463. The primary reason for this increase in spend is due to increased number of voids properties. We are still trying to establish the reasons for this increase but continue to believe this is a result of increased terminations by tenants affected by general financial pressures resulting from Welfare reform.

As of w/c 13 January 2014 the Voids team has transferred from Housing Option into the Contract and Service Development team. This will have a number of benefits, and should assist in identifying reasons for increased costs through 1) Greater commercial scrutiny as they will be working alongside the Commercial team and 2) Consistent working practices for surveyors which may result in reduced number of major and minor voids through closer management and introduction of back to back lets.

147 major voids were complete to the end of December 2013. Major voids occur when the cost of bringing a property up to the lettable standard exceeds £4,000. This often occurs where a previous tenant has refused decent homes works and so properties now require new kitchens, bathrooms or central heating systems.

7.2.6 Replacement Communal Entrance Doors (Revised Budget £929,863 Forecast Outturn £929,863 Variance £0)

High security communal entrance doors have been replaced to 104 blocks of flats. It is anticipated this scheme will be fully complete by end of the financial year. Spend to date on this scheme is £522,754.

7.2.7 Electrical Board & Bond (Revised Budget £200,000 Forecast Outturn £164,220 Variance -£35,780)

There has been a reduction in forecast spend of £34,865 within month. Spend to the end of December 2013 was £60,657.

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 (re-wires, new consumer units etc.) have been carried out in 133 properties.

7.2.8 Asbestos Removal & Testing (Revised Budget £370,000 Forecast Outturn £274,190 Variance -£95,810)

There has been only a minor increase in spend of £5k within month. Spend to date is £274,190. This budget is primarily focused on funding asbestos surveys and removals to properties that are receiving planned capital improvement works. The under spend is a result of asbestos removal and testing now being met from within individual project budgets.

7.2.9 Boundary Wall Treatments
(Revised Budget £200,000 Forecast Outturn £199,968 Variance -£32)

To date works have still to commence. It is anticipated works will take place to the boundary walls of 70 properties in the final quarter of the financial year. The forecast variance is following tender return, but may change if variations are identified on site. Spend to the end of December 2013 was £7,968.

7.2.10 Flat Door Replacement
(Revised Budget £620,362 Forecast Outturn £1,000,000 Variance £379,638)

Replacement flat door programme has now commenced, the over spend is following tender return. This was a joint tender for window and door replacements. The forecast overspend on flats doors will be off set by virement of the windows budget, which is forecast to spend less than planned.

To date there is a total commitment of £169,057 to the end of December, 2013. A total of 193 properties have received new flats doors through this programme.

7.2.11 District Heating Conversions
(Revised Budget £218,000 Forecast Outturn £90,468 Variance -£127,532)

There has been a minor reduction in spend forecast of £162 within month. Spend to the end of December 2013 was £49,228.

2013/14 programme provides for a full stock condition survey of all District Heating schemes to enable more accurate forecasting in future. Works are due to commence in the final quarter of 2013-14, subject to successful outcome of the Renewable Heat Incentive application for funding towards Biomass Hoppers. If this is successful works will commence in Quarter 4 on installation of the new hoppers.

At the current time remaining spend forecast is based on previous years capital charges to cover potential breakdown of the District Heating system.

A further report will be submitted to Cabinet member outlining the details of a 5 year investment proposal for the rationalisation and upgrading of remaining systems.

7.2.12 EPC Improvements
(Revised Budget 475,000 Forecast Outturn £100,000 Variance -£375,000)

Spend to the end December 2013 was £51,138. This budget was originally intended to fund External Wall insulation to non – traditional properties and installation of top up cavity and loft insulation. Given the success at leveraging in additional funds through the non traditional investment programme, the majority of funding for EWI has not been required and has been used on projects such as glazing upgrades.

Thermal efficiency works through upgrading of glazing to 16 properties has been undertaken to date allowing properties to become more energy efficient.

7.2.13 New IT System

(Revised Budget £324,732 Forecast Outturn £60,000 Variance -£264,732)

This budget is to fund the purchase and implementation of the new integrated Housing Management System. To date the project has experienced significant delays in implementation due to poor service from the supplier. As a result the funding of £264,732 will be slipped into 2014-15. There has been no spend to date. Discussions are ongoing with the supplier to rectify the situation.

7.2.14 General Structures

(Revised Budget £650,000 Outturn £650,000 Variance £0)

This budget is to fund remedial works to building structures and includes, pointing, rendering, underpinning and damp proof works. Based on current run rate for works and costs charged to revenue which are subsequently transferred to capital, we continue to expect fully spending this budget by end of the current financial year. Spend to the end of December 2013 was £93,767.

7.2.15 Lift Replacement

(Revised Budget £75,000 Forecast Outturn £56,882 Variance -£18,118)

Works commenced mid-January 2014 to undertake the refurbishment of lifts at Shaftsbury House. It is anticipated all works will be complete by mid-March 2014. There has only been a minor spend to end of December 2013 which was £250.

7.2.16 Replacement of Central Heating/ Boilers (Revised Budget £3,010,589 Forecast Outturn £2,880,362 Variance £130,227)

Spend to the end of December 2013 was £1,556,702. There is a programme of Central Heating replacements in order to reduce the revenue burden as a result of increasing repairs to Ideal and Buderus boilers. As a result it was identified that significantly more capital investment was required in 2013-14.

A total of 592 new boilers have been fitted through planned work programmes.

7.3 Fair Access to All

7.3.1 Disabled Adaptations (Public Sector)

(Budget £2,144,980 Forecast Outturn £2,144,980 Variance £0)

7.3.2 Disabled Adaptations (Private Sector)

(Budget £1,639,235 Forecast Outturn £1,639,235 Variance £0)

Total spend to the end of December 2013 was £2,114,851. A series of service improvements and efficiencies have led to delivery of backlog works resulting in increasing spend. During P9 we have identified that the backlog for Aids and Adaptations remains in excess of 4 months for non-urgent major works. The team are currently working with contractors to increase volumes before the year end so reducing the backlog to 3 months by end of the current financial year. If this is achieved we will need to release additional resources of circa £300k to fund these works to Private Sector housing. We will have a definitive position by P10 and will report any changes to funding at that time.

Disabled aids and adaptations (major) were undertaken in 299 public sector homes.

Disabled aids and adaptations (major) were undertaken in 219 private sector homes.

7.4 Regeneration / Neighbourhood Renewal

7.4.1 Non-Trad Investment

(Budget £1,841,310 Forecast Outturn £1,841,310 Variance £0)

Total spend to the end of December 2013 was £1,427,313. This budget is to complete external refurbishment and insulation render works to non traditional properties. This is part of an ongoing programme to extend the life of non traditional stock by circa 25 years.

Investment was made in 377 non traditional dwellings in Wath, Rawmarsh, East Dene and Whiston.

7.4.2 Garage Site Investment

(Budget £500,000 Forecast Outturn £529,504 Variance £29,504)

Total spend to the end of December 2013 was £282,501. Investment has been made to 4 Garage Sites so far this year at Haugh Road, Rawmarsh; Langley Close, East Herringthorpe; Gray Avenue, Aston and Scott Close, Thurcroft. Works have included re-surfacing to the highway, re-roofing, doors and general environmental improvements.

It should be noted that we anticipate transferring the majority of costs for Garage site investment from Capital to Revenue budget due to the type of work undertaken so far. An exercise is ongoing with the Commercial team to calculate the split in Capital and Revenue works. Once this is complete we will

be requesting a reduction in the 2013-14 RCCO to account for the change in Capital/ Revenue split.

7.4.3 Dinnington Transformational Change (Budget £22,314 Forecast Outturn £22,314 Variance £0)

This project was funded through the Regional Housing Board and was the installation of temporary art work to Dinnington Town centre. The original budget was £25,000. We have reduced this budget to £22,314 as no further funding is required in the current financial year.

7.4.4 Canklow Phase 1 & 2 (Budget £450,000 Forecast Outturn £451,179 Variance £1,179)

This is a multi-year programme of activity to regenerate an area within Canklow through Housing Market Renewal. The project is focused on demolition, buy back and refurbishment of public and private sector properties in the area. Given the actual spend to date on this project of £164,029 there is a significant risk that forecast outturn will not be achieved and may require slippage of funding at year end.

7.4.5 Bellows Road Service Centre Clearance (Budget £585,000 Forecast Outturn £585,000 Variance £0)

This is a Housing Market Renewal scheme and includes the construction of new shop units and provision of new housing within the area. To date there has been a total spend of £43k, there continues to be some uncertainty whether the remaining funding will be spent within the current financial year. If funding does not get spent, we will seek slippage of funding at the year end.

7.5 Other Public Sector

7.5.1 Opportunity Acquisitions (Budget £2,166,000 Forecast Outturn £750,610 Variance -£1,415,390)

Total spend to the end of December 2013 was £693,797.

This is a multi-year commitment to acquire properties to add to the Council's social housing stock through the 30 Year HRA Business Plan. Strict criteria are applied to the acquisitions which have led to more protracted negotiation than anticipated and hence the previous slippage. To date a total of 16 properties have been purchased under this scheme. Negotiations are ongoing to purchase a further 72 properties through this programme at Wickersley, Rawmarsh, Thurcroft, Dalton and Harthill. A further report will be submitted to Cabinet Member detailing the timetable for the remainder of this programme, in March 2014.

7.6 Slippage to 2014/15

There are a number of schemes we are closely monitoring due to the risk of underspend at end of the financial year. At P9 we have chosen not to restate budgets until further meetings with budget holders have taken place. If we require approval of slippage after these meetings, it will be reported at P10.

7.7 Summary

7.7.1 Overall total HIP spend to Period 9, December 2013 was £14,164,576. The current forecast outturn position to 31 March 2014 is forecast to be £29,692,281 compared to a revised budget provision of £32,895,583.

8.0 Finance

8.1 The table below identifies the funding available to meet the costs of delivering the HIP in 2013/14:

Funding Summary HIP	£
Grants	1,474,503
RCCO	8,473,000
Prudential Borrowing HRA	685,500
Prudential Borrowing GF	457,750
Capital Receipts RTB	655,518
Capital Receipts HRA Other	39,835
Capital Receipts	1,002,000
MRA	21,036,699
Total	33,824,805

Year end adjustments to funding will be made as appropriate to ensure all works are funded from within existing resources. The year end funding position will be reported in the year end out turn report.

9.0 Risks and Uncertainties

The 2013/14 Forecast Outturn position may be subject to change based on final value of works completed to 31 March 2014. This may be influenced by any extreme weather or unforeseen issues on site. Based on current spend position at P9 it is likely that some Private sector schemes may require further slippage of funding into 2014-15. If this materialises it will be reported at P10 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 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

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