

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	3 March 2014
3.	Title:	Housing Investment Programme 2013/14 – P10 January 2014
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 10 January 2014.

As at the end of Period 10 January 2014, total spend on the Housing Investment Programme was £15,631,246 compared to a budget provision of £17,878,163 representing an under spend to date of £2,246,917 (-12.5%) 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 the end of Period 10 January 2014.

The Cabinet Member approves total slippage of £1,263,067.

The Cabinet Member approves use of £362,853 of Capital receipts to fund reduction of Private Sector Adaptations backlog.

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 10 January 2014.

7.1.2 There has been a total spend of £15,631,246 against the revised budget of £17,878,163 which has resulted in an under spend to end January 2014 of £2,246,917.

	2013-14 Budget £	2013-14 Revised Budget £	Actual spend to P10 £	Forecast spend to 31 March 14 £	Forecast Variance to end March 2014 £
Refurbishments	14,303,000	14,609,863	5,196,763	12,408,782	-2,201,081
Other Capital Works	9,934,000	10,377,546	5,267,340	10,534,216	156,670
Sub Total - Capital Works to properties	24,237,000	24,987,409	10,464,103	22,942,998	-2,044,411
Fair Access to All	3,091,000	3,784,215	2,552,137	3,808,361	24,146
Regeneration/Neighbourhood Renewal	2,960,000	3,398,624	1,922,029	3,263,613	-135,011
Other Public Sector	2,166,000	725,335	692,978	740,729	15,394
Total Revised Capital Programme	32,454,000	32,895,583	15,631,246	30,755,701	-2,139,882

There has been a total increase in forecast spend to 31st March 2014 within month of £1,063,420. This has reduced the forecast underspend from £3,203,302 to £2,139,882 prior to slippage.

7.2 Details

7.2.1 Housing Improvement Programme 2013-14 Capital Works

Appendix A provides the full programme breakdown of budget, forecast outturn, variance and slippage 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 £12,408,782 Variance -£2,201,081)

Refurbishments is comprised of Internal Works (Decent Homes) and External Works (Roofing, pointing, cladding). Total spend to the end of January 2014 was £5,196,763.

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 have concluded with Keepmoat, resulting in an increased scope of works to now include full replacement of fascia boards and felt membrane beneath tiles abutting rainwater goods. This has subsequently increased spend forecasts on the fascia's,

soffits and bargeboard replacement programme so reducing the forecast underspend from P9 to P10. This financial year we have completed improvements to 1,714 properties through this programme.

7.2.3 Other Capital Works
(Revised Budget £10,377,546 Forecast Outturn £10,534,216
Variance £156,670)

The sections below, breakdown individual spend within the Other Capital Works budget. Collectively across all projects there has been an increased forecast spend within month of £223,620.

7.2.4 Environmental – Brinsworth
(Revised Budget £224,337 Forecast Outturn £224,337 Variance £0)

Total spend to the end of January 2014 was £159,091. 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.

Other Environmental Works
(Revised Budget £1,260,021 Forecast Outturn £1,130,114
Variance -£129,907)

Total spend to the end of January 2014 was £524,929. There has been an increase in forecast spend to 31 March 2014 from P9 to P10 of £78,345.

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 £2,581,153
Variance £762,153)

Total spend to the end of December 2013 was £1,420,015.

There has been a slight reduction in forecast spend to the end of March 2014 of £22,239 within month. The primary reason for this reduction in spend is a slight reduction in average void cost. We continue to try and establish the reasons for the overall increase in major voids but continue to believe this is a result of increased terminations by tenants affected by general financial pressures resulting from Welfare reform.

181 major voids were complete to the end of January 2014. 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 £161,880 Variance -£38,120)

There has been a reduction in forecast spend of £2,340 within month. Spend to the end of January 2014 was £67,621.

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 98 properties.

7.2.8 Asbestos Removal & Testing (Revised Budget £370,000 Forecast Outturn £350,000 Variance -£20,000)

There has been a total spend within month of £34,140 giving a total spend to the end of January 2014 of £308,330. 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 £0 Variance -£200,000)

To date works have still to commence. It was anticipated works would take place to the boundary walls of 70 properties in the final quarter of the financial year. Due to a need to consult Leaseholders on the scheme this has resulted in the project now being delayed into 2014-15 and a request that budget of £200,000 be slipped.

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

The Replacement Flat Door programme has now commenced, the forecast outturn spend is greater than budget allocation due to higher than expected costs received at tender stage. The forecast overspend on flats doors will be off set by virement of the windows budget, which is forecast to spend less than planned.

As at the end of January 2014 there has been a total spend of £242,968. A total of 192 properties have received new flats doors through this programme.

7.2.11 District Heating Conversions

(Revised Budget £218,000 Forecast Outturn £89,794 Variance -£128,206)

There has been a minor reduction in spend forecast of £674 within month. Spend to the end of January 2014 was £49,228.

The 2013/14 programme provides for a full stock condition survey of all District Heating schemes to enable more accurate forecasting in future. It was also intended to replace hoppers as part of a Renewable Heat incentive application, however as at the time of writing this report we have not received any indication if this application has been successful. We do not therefore anticipate any further work in Q4.

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

7.2.12 EPC Improvements

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

Spend to the end January 2014 was £31,138. 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 £80,000 Variance -£244,732)

This budget is to fund the purchase and implementation of the new integrated Housing Management System, within month the forecast spend has increased by £20k. To date the project has experienced significant delays in implementation due to poor service from the supplier. As a result the funding of £244,732 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 January 2014 was £228,627, a total increase within month of £134,860.

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 January 2014 which is £2,746, an increase of £2,496 within month.

7.2.16 Replacement of Central Heating/ Boilers (Revised Budget £3,010,589 Forecast Outturn £3,082,063 Variance £71,747)

Spend to the end of January 2014 was £1,751,330 an increase within month of £194,628. Forecast spend within month has also increased by £201,701. 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 804 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 £1,806,273 Variance -£308,707)

7.3.2 Disabled Adaptations (Private Sector)

(Budget £1,639,235 Forecast Outturn £2,002,088 Variance £362,853)

Total spend to the end of December 2014 was £2,552,137. A series of service improvements and efficiencies have led to delivery of backlog works resulting in increasing spend. During P9 we identified that the backlog for Aids and Adaptations remains in excess of 4 months for non-urgent major works. The team have worked with contractors during P10 to accelerate Private Sector Adaptations so all those jobs exceeding 3 months old are complete by end of March 2014. This has resulted in the increased spend forecast for Private Sector Adaptations of £362,853 and a requirement for additional funding from Capital Receipts to this value.

Disabled aids and adaptations (major) were undertaken in 350 public sector homes. Disabled aids and adaptations (major) were undertaken in 245 private sector homes.

7.4 Regeneration / Neighbourhood Renewal

7.4.1 Non-Trad Investment

(Budget £1,841,310 Forecast Outturn £1,769,238 Variance -£77,257)

Total spend to the end of January 2014 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 £805,414 Variance £305,414)

Total spend to the end of January 2014 was £160,968. 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.

Since the last Monitoring period a series of meetings have taken place with Capital Finance and Technical accountants to determine whether works are capital or revenue and the implications of this to the HRA.

As a result it has been agreed all Garage site investment within 2013-14 are Capital works and so should be charged to the Capital Programme. The accounting rules for the HRA, set out in national guidance, mean that any capital monies spent on improving non dwelling assets, such as garages or shops will incur an impairment charge. i.e. writing off the value of improvements. The financial implication of this within 2013-14 will mean the HRA receiving an Impairment charge of equivalent value, currently forecast to be £805,414.

As a one off solution for 2013-14 we are able to utilise a re-valuation reserve of £700,000 to offset the Impairment charge. Therefore if we outturn at £805,414, we will only have an impact of £105,414 to the HRA bottom line. However, in future years this will not be the case as it is expected the re-valuation reserve will be far lower.

To mitigate the impact of future impairment charges, we are actively pursuing a future strategy that will primarily focus on revenue repairs and minimal Capital works as revenue works do not incur an Impairment charge.

7.4.3 Dinnington Transformational Change (Budget £22,314 Forecast Outturn £23,404 Variance £1,090)

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 had previously reduced this budget to reflect the then forecast spend, however actual spend has now exceeded this budget so the minor overspend of £1,090 will be off set from other savings within the Regeneration/ renewal budget.

7.4.4 Canklow Phase 1 & 2 (Budget £450,000 Forecast Outturn £210,567 Variance -£239,433)

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 £164,389 there remains a risk that forecast outturn will not be achieved. The remaining funds of £239,433 will be slipped into 2014-15.

**7.4.5 Bellows Road Service Centre Clearance
(Budget £585,000 Forecast Outturn £454,990 Variance -£130,010)**

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 £95k, the current forecast spend has been reduced by £130k within month and will be slipped into 2014-15. There remains a risk that forecast outturn will not be met and further slippage required.

7.5 Other Public Sector

**7.5.1 Opportunity Acquisitions
(Budget £725,335 Forecast Outturn £740,729 Variance £15,394)**

Total spend to the end of January 2014 was £692,978.

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

During P10 HIP Monitoring we have identified a number of projects that will not spend all budgets allocations within the current financial year but due to completion of tenders or works already on site will require remaining unspent budget slipping into 2014-15. Details of budgets that require slippage/ acceleration are listed in the table below:

Project	2013-14 Budget (£)	Slippage/ Acceleration of funding (£)	Revised Budget (£)
Refurbishment	13,999,514	-500,000	13,499,514
Environmental Works	1,484,358	-111,745	1,372,613
Boundary Walls	200,000	-200,000	0
New IT System	324,732	-244,732	80,000
Public Adaptations	2,144,980	-200,000	1,944,980
Private Adaptations	1,639,235	362,853	2,002,088
Canklow Phase 1 & 2	450,000	-239,433	210,567
Bellows Road Service Centre Clearance	585,000	-130,010	454,990

7.7 Summary

7.7.1 Overall total HIP spend to Period 10, January 2014 was £15,631,246. The current forecast outturn position to 31 March 2014 is £30,755,701 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 P10 it is likely that some Public and Private sector schemes may require further slippage of funding into 2014-15. If this materialises it will be reported at P12 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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