

## 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>7 April 2014</b>
3.	<b>Title:</b>	<b>Housing Investment Programme 2013/14 – P11 February 2014</b>
4.	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

### 5.0 Summary

This report provides an update of the Housing Investment Programme 2013-14 to end of Period 11 February 2014.

As at the end of Period 11 February 2014, total spend on the Housing Investment Programme was £17,940,076 compared to a budget provision of £19,532,452 representing an under spend to date of £1,592,376 (-11%) 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 11, February 2014.**

**That Cabinet Member approves the virement of £200,000 slipped funding for the Boundary Walls scheme to the 2014-15 Refurbishment budget. This will result in a revised Refurbishment budget of £12,195,000 and a revised Boundary Walls budget of £625,000 in 2014-15.**

## 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 11 February 2014.

7.1.2 There has been a total spend of £17,940,076 against the revised budget of £19,532,452 which has resulted in an under spend to the end February 2014 of £1,592,376.

	2013-14 Original Budget £	2013-14 Revised Budget £	2013-14 Revised Budget £ Jan 14	Actual spend to P11 £	Forecast spend to 31 March 14 £	Forecast Variance to end March 2014 £
<b>Refurbishments</b>	<b>14,303,000</b>	<b>14,609,863</b>	14,109,863	6,047,255	12,173,158	-1,936,707
<b>Other Capital Works</b>	<b>9,934,000</b>	<b>10,377,546</b>	9,821,069	6,181,335	10,377,528	556,459
<b>Sub Total - Capital Works to properties</b>	<b>24,237,000</b>	<b>24,987,409</b>	<b>23,930,932</b>	<b>12,228,590</b>	<b>22,550,684</b>	<b>-1,380,248</b>
<b>Fair Access to All</b>	<b>3,091,000</b>	<b>3,784,215</b>	4,002,068	2,879,100	3,872,018	-130,050
<b>Regeneration/Neigh bourhood Renewal</b>	<b>2,960,000</b>	<b>3,398,624</b>	3,029,181	2,140,143	3,076,882	47,701
<b>Other Public Sector</b>	<b>2,166,000</b>	<b>725,335</b>	725,335	692,243	739,994	14,659
<b>Total Revised Capital Programme</b>	<b>32,454,000</b>	<b>32,895,583</b>	<b>31,687,516</b>	<b>17,940,076</b>	<b>30,239,578</b>	<b>-1,447,938</b>

There has been a total reduction in forecast spend to 31<sup>st</sup> March 2014 within month of £516,123. This has increased the forecast underspend to £1,447,938.

## 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 £14,109,863 Forecast Outturn £12,173,156**

**Variance -£1,936,707)**

Refurbishments is comprised of Internal Works (Decent Homes) and External Works (Roofing, pointing, cladding). Total spend to the end of February 2014 was £6,047,255.

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. This financial year we have completed improvements to 1,714 properties through this programme.

**7.2.3 Other Capital Works**  
**(Revised Budget £9,821,069 Forecast Outturn £10,377,528**  
**Variance £556,459)**

The sections below, breakdown individual spend within the Other Capital Works budget. Collectively across all projects there has been an reduction in forecast spend within month of £156,688.

**7.2.4 Environmental – Brinsworth**  
**(Revised Budget £224,337 Forecast Outturn £234,235**  
**Variance £9,898)**

Total spend to the end of February 2014 was £176,235. 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 £1,130,574 Forecast Outturn £1,148,276**  
**Variance £17,702)**

Total spend to the end of February 2014 was £680,638. There has been an increase in forecast spend to 31 March 2014 from P10 to P11 of £18,162.

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 £2,704,049  
Variance £884,407)**

Total spend to the end of February 2014 was £1,480,503.

There has been an increase in forecast spend to the end of March 2014 of £122,896 within month. The primary reason for this additional forecast spend is an increased number of voids being identified as requiring major works at survey stage.

204 major voids were complete to the end of February 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 99 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 £584,374.

**7.2.7 Electrical Board & Bond  
(Revised Budget £200,000 Forecast Outturn £116,465  
Variance - £83,535)**

There has been a reduction in forecast spend of £45,416 within month. Spend to the end of February 2014 was £71,790.

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 159 properties.

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

Total spend to end of February 2014 was £292,261. 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.

Previously cabinet member approved slippage of £200,000 into 2014-15 to fund works. Following review of work content it is now deemed to be revenue, so will be funded through Repairs and Maintenance Planned works funding. The Cabinet Member is therefore asked to approve virement of slipped funding to the 2014-15 Refurbishment budget. This will result in a revised Refurbishment budget of £12,195,000.

**7.2.10 Flat Door Replacement**  
**(Revised Budget £620,362 Forecast Outturn £765,750**  
**Variance £145,388)**

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 has reduced by £234,250 within month due to survey's wrongly identifying 225 properties as requiring replacement doors and 305 no access/ decline properties where we have elderly or vulnerable tenants. The team are currently working with Housing Management to gain access and/ or persuade tenants to have works complete at these properties. The remaining 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 February 2014 there has been a total spend of £451,650. A total of 743 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)**

Spend to the end of February 2014 was £55,739.

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 £99,798**

**Variance -£375,202)**

Spend to the end February 2014 was £52,733. 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, 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 £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 £657,665**

**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 February 2014 was £306,501.

#### **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 February 2014 which is £3,016.

#### **7.2.16 Replacement of Central Heating/ Boilers (Revised Budget £3,010,589**

**Forecast Outturn £3,192,098 Variance £181,509)**

Spend to the end of February 2014 was £2,033,227, an increase within month of £281,897. Forecast spend within month has also increased by £110,035.

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 1,060 new boilers have been fitted through planned work programmes.

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

**7.3.1 Disabled Adaptations (Public Sector)**  
**(Budget £1,944,980 Forecast Outturn £1,802,365**  
**Variance -£142,615)**

**7.3.2 Disabled Adaptations (Private Sector)**  
**(Budget £2,057,088 Forecast Outturn £2,069,653**  
**Variance £12,565)**

Total spend to the end of February 2014 was £2,879,100. A series of service improvements and efficiencies have led to delivery of backlog works resulting in increasing spend.

Disabled aids and adaptations (major) were undertaken in 399 public sector homes.

Disabled aids and adaptations (major) were undertaken in 317 private sector homes.

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

**7.4.1 Non-Trad Investment**  
**(Budget £1,841,310 Forecast Outturn £1,767,499 Variance -£73,811)**

Total spend to the end of February 2014 was £1,612,000. 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 293 non-traditional dwellings in Wath, Rawmarsh, East Dene and Whiston.

**7.4.2 Garage Site Investment**  
**(Budget £500,000 Forecast Outturn £805,422 Variance £305,422)**

Total spend to the end of February 2014 was £189,157. 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.

At an update meeting with Mears on 26 March 2014, it was confirmed all works would be complete by 31 March 2014, we therefore believe the forecast outturn to be accurate.

#### **7.4.3 Dinnington Transformational Change (Budget £23,404 Forecast Outturn £22,314 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 £210,657 Forecast Outturn £180,657 Variance -£30,000)**

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. Actual spend to the end of February 2014 on this project is £173,697.

#### **7.4.5 Bellows Road Service Centre Clearance (Budget £454,990 Forecast Outturn £299,990 Variance -£155,000)**

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 142k. 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 £739,994 Variance £14,659)**

Total spend to the end of February 2014 was £692,243.

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.



## 7.6 Slippage to 2014/15

During P11 HIP Monitoring we have identified further 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. We intend to complete a year end outturn report in June 2014, providing actual spend position as at 31 March 2014 and details of any slippage required.

## 7.7 Summary

7.7.1 Overall total HIP spend to Period 11, February 2014 was £17,940,076. The current forecast outturn position to 31 March 2014 is £30,239,578 compared to a revised budget provision of £31,687,516.

## 8.0 Finance

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

<b>Funding Summary HIP</b>	<b>£</b>
Grants	1,271,031
RCCO	8,437,000
Prudential Borrowing HRA	593,834
Prudential Borrowing GF	457,751
Capital Receipts RTB	1,073,371
Capital Receipts RTB 1 to 1	131,501
Capital Receipts JG	632,577
MRA	19,780,222
<b>Total</b>	<b>32,377,267</b>

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 P11 it is likely that some Public and Private sector schemes may require further slippage of funding into 2014-15. If this was to materialise it will be reported at P12 Final Outturn 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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