

**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>3 November 2014</b>
<b>3.</b>	<b>Title:</b>	<b>Housing Investment Programme P6 September 2014</b>
<b>4.</b>	<b>Directorate:</b>	<b>Neighbourhoods and Adult Services</b>

**5.0 Summary**

The purpose of this report is to update the Cabinet Member for Safe & Attractive Neighbourhoods on the status of the Housing Investment Programme at Period 6 September 2014.

**6.0 Recommendations**

It is recommended that the Cabinet Member for Safe & Attractive Neighbourhoods:

Receives and notes the contents of this report

Approves budget virements and carry over as detailed in the report

## 7.0 Proposals and Details

### 7.1 HIP Programme & Revisions

The budget process that led to the original Capital Programme for 2014/15 to 2016/17 ensured that the Council's capital investment plans were aligned with its strategic priorities and vision for Rotherham.

In order to maintain that strategic link, and make best use of the capital resources available to the Council, it is important that the programme is kept under regular review and where necessary revisions are made.

The following table provides an overview of the approved HIP programme for the period 2014-15 and previously approved revisions.

<b>Description</b>	<b>Original Budget 2014-15 £</b>	<b>Original Budget + Approved Slippage</b>	<b>Revised Budget 2014-15 £ (approved 14 July 2014)</b>	<b>Revised Budget 2014-15 (approved 1 September 2014)</b>
Refurbishments	11,995,000	12,626,687	13,197,786	13,197,786
Other Capital Projects	13,563,000	13,318,239	13,143,239	13,143,239
Fair Access to All (Adaptations)	3,389,000	3,389,000	3,389,000	4,093,660
Regeneration/ Neighbourhood Renewal – Public Sector	2,250,000	2,250,000	2,050,000	2,050,000
Regeneration/ Neighbourhood Renewal – Private Sector	971,000	1,314,074	1,484,074	1,484,074
HCA New build	2,836,000	2,836,000	2,836,000	2,836,000
<b>Total</b>	<b>35,004,000</b>	<b>35,734,000</b>	<b>36,100,099</b>	<b>36,804,759</b>

## 7.2 Details

### 7.2.1 Housing Improvement Programme 2014-15 Capital Works

Appendix A provides a detailed budget breakdown by scheme for 2014-15 based on the current approved HIP Programme for 2014-15 and it should be read in conjunction with the following explanations for works in 2014-15

## 7.2.2 Refurbishment

<b>Budget</b>	<b>£13,197,786</b>
<b>Forecast</b>	<b>£13,740,157</b>
<b>Variance</b>	<b>£ 542,371</b>

This budget is to fund works for internal and external refurbishments to properties. Internal works will include elements such as new kitchen and bathrooms. External elements include re-roofing, external render, fascia's, soffits & bargeboard replacements and outhouse improvements.

Total spend to the end of September 2014 was £4,394,866. To date 940 properties have received works through this programme. The reason for increased forecast spend is a result of:

1. Increase forecast spend of £600,000 on External pointing and rendering following tenders being higher than original budget estimates.
2. Increase forecast of £60,000 on Fascia's, soffits and bargeboard replacement programme due to revisions to specification mid-way through works.
3. Increased costs of £82,000 for windows and doors replacement programme following receipt of tender.

Some of these increased costs have been off-set by other schemes now forecasting lower spend than originally budgeted.

At the current time there are risks associated with the forecast spend as detailed below:

- **External Pointing and Rendering**

There have been delays in tendering 3 schemes at Thrybergh, Aston/Aughton/ Swallownest and Treton/ Brinsworth with a total estimated value of £1.5m. At the time of reporting all schemes have been approved and due to start on site by the beginning of November 2014. There is now potential risk that bad weather may impact on forecast spend given we are now entering the winter period.

- **East Dene and Harthill Re-roofing**

Both schemes have now commenced on site. At the current time there are no know issues with roosting bats as anticipated. Works continue to be monitored and any delays to the programme and subsequent spend as a result of ecological issues will be reported at Quarter 3.

<b>7.2.3 Other Capital Works –</b>	<b>Budget</b>	<b>£13,143,239</b>
	<b>Forecast</b>	<b>£13,186,403</b>
	<b>Variance</b>	<b>£ 43,164</b>

The sections below breakdown individual spend within the Other Capital Works budget and works complete to the end of September 2014.

<b>7.2.4 Environmental Works –</b>	<b>Budget</b>	<b>£1,612,000</b>
	<b>Forecast</b>	<b>£1,646,551</b>
	<b>Variance</b>	<b>£ 34,551</b>

This budget will fund a variety of projects throughout the borough some of which are currently subject to consultation with tenants and elected members. Current works on site include i) completing a trial property at Birks Holt, Maltby with cladding to the external porch area, ii) fencing and footpath improvements at Brameld Road, Rawmarsh. Other works still to commence include path way improvements at China Town, Maltby and replacement bin stores at Plantation Court, Dinnington. Spend to the end of September 2014 was £548,515.

<b>7.2.5 Empty Homes –</b>	<b>Budget</b>	<b>£2,900,000</b>
	<b>Forecast</b>	<b>£2,650,000</b>
	<b>Variance</b>	<b>-£ 250,000</b>

This budget is to fund major voids where the cost exceeds £4,000. This often occurs when a previous tenant has refused decency works so properties require new kitchens and bathrooms etc. prior to re-letting. Spend to the end of September 2014 was £765,229 with a total of 117 major voids completed to date. The reduction in spend is due to reduce volume of voids so far this year. If the current run rate continues a further £150,000 will be released in Quarter 3.

<b>7.2.6 Replacement Communal Entrance Doors –</b>	<b>Budget</b>	<b>£890,754</b>
	<b>Forecast</b>	<b>£890,754</b>

This is a continuation of the scheme in 2013-14 and will result in all communal entrances to flats having high security entrance doors fitted. Spend to the end of September 2014 was £256,968 with a total of 35 blocks still to complete. There is a small risk that up to £100,000 of funding will not be spent within the current financial year and may require carry forward of funds as tender for remaining works will not take place until today's cabinet member meeting. We will work with the chosen contractor to minimise this risk. This risk will be monitored and reported to Cabinet Member at Quarter 3.

<b>7.2.7 Electrical Board &amp; Bond –</b>	<b>Budget</b>	<b>£150,000</b>
	<b>Forecast</b>	<b>£150,000</b>

This is a demand led service and is to fund electrical improvement works to properties (e.g. consumer units, rewires etc.) following fixed wire electrical testing. Spend to the end of September 2014 was £29,365 with a total of 48 completions.

<b>7.2.8 Asbestos Removal &amp; Testing –</b>	<b>Budget</b>	<b>£380,000</b>
	<b>Forecast</b>	<b>£221,880</b>
	<b>Variance</b>	<b>-£158,120</b>

This budget is to fund asbestos surveys and removals to properties that are receiving planned capital improvement works. The forecast is lower than budget due to fewer surveys required for the 2014-15 capital programme. Total spend to the end of September 2014 was £43,260.

**7.2.9 Boundary Wall Treatments – Budget £100,000**  
**Forecast £115,000**  
**Variance £ 15,000**

This budget is to fund improvements to boundary/ retaining walls and footpaths throughout the borough. Works have now been issued for tender. A slight overspend is forecast based on the known work book, however at the current time this can be accommodated within existing budgets.

**7.2.10 District Heating Conversion/ Upgrades – Budget £1,800,000**  
**Forecast £1,800,000**

This budget is to fund replacement district heating at Swinton Fitzwilliam estate and replacement distribution systems at sites throughout the borough and forms part of a 5 year programme to upgrade the District Heating systems. Total spend to the end of September 2014 was £20,817. Works commenced on site in September 2014 on the Swinton Fitzwilliam estate. Tender documentation for replacement distribution systems has now been issued with anticipated commencement on site in January 2015.

**7.2.11 External Insulation (EPC Improvements) – Budget £50,000**  
**Forecast £25,000**  
**Variance -£25,000**

This will fund ad hoc top ups of insulation to external wall cavities and lofts. Total spend to the end of September 2014 was £4,546. The lower forecast spend is due to lower volumes so far this financial year.

**7.2.12 New IT System – Budget £273,725**  
**Forecast £476,625**  
**Variance £202,900**

This budget is to fund the purchase and implementation of the new integrated Housing Management System. Cabinet member approved additional costs of £241,075 to be funded from the HRA on 16 June 2014. At this time we have not amended the available budget as we may be able to fund from slippage elsewhere within the programme as we refine spend forecasts throughout the year. Total spend to the end of September 2014 was £244,868.

**7.2.13 General Structures - Budget £650,000**  
**Forecast £650,000**

This budget is to fund remedial works to building structures and includes pointing, rendering, underpinning and damp proof works. Total spend to the end of September 2014 was £272,805.

**7.2.14 Replacement of Central Heating/ Boilers - Budget £3,761,000**  
**Forecast £3,761,000**

There is an ongoing programme of Central Heating replacements in order to reduce the revenue burden as a result of increasing repairs to Buderus and Alpha boilers. Total spend to the end of September 2014 was £1,194,720 with a total of 632 completions.

**7.2.15 Community Centre Improvements – Budget £100,000**  
**Forecast £200,000**  
**Variance £100,000**

This will fund essential upgrades to lighting and fire equipment within the centres and the conversion of centres earmarked for closure to 1 bed flats. It is anticipated that works converting 4 centres will commence within the current financial year, resulting in 7 one bed flats. Total forecast spend has increased to £200,000 to reflect these works commencing in January 2015. It may be that further funding of £171,000 is required within the current financial year, however as planning and building regulation approvals are still outstanding we have been prudent with forecast spend at this time. We will report progress at Quarter 3.

**7.2.16 Flat Door Replacements – Budget £75,760**  
**Forecast £75,760**

This will fund completion of installing new fire doors to flats across the borough and is a result of slippage from 2013-14. There has been no spend within the current financial year as final accounts are being complete.

**7.2.17 Lady Oak Flats Environmental Improvements – Budget £400,000**  
**Forecast £554,840**  
**Variance £154,840**

This is a new project to undertake general environmental improvements, including upgrading of footpaths around Lady Oak Flats, East Dene/ Herringthorpe. Works commenced on site in September 2014 and are due for completion by end March 2014. There has been an increase in forecast spend due to higher than anticipated costs received following tender and a one off £25,000 contribution to fund Streetpride works to the public realm.

**7.3 Fair Access to All**

**7.3.1 Disabled Adaptations (Public Sector) – Budget £2,078,000**  
**Forecast £2,020,343**  
**Variance -£ 57,657**

**7.3.2 Disabled Adaptations (Private Sector) – Budget £2,015,660**  
**Forecast £2,190,472**  
**Variance £ 174,812**

This will fund the ongoing provision of disabled adaptations to council and private dwellings. At the end of September 2014 spend on public sector adaptations was £722,186 with a total of 254 completions. For the same period spend on private sector adaptations was £827,151 with 177 completions.

Based on current forecasts it is anticipated the private sector adaptations budget will overspend even after the increase in budget at P4. At this time we will continue to monitor spend on private adaptations closely and will take action if required to accommodate the forecast overspend at the end of quarter 3 as the increased spend is associated with grants for works to extensions which may not proceed in the current financial year but are managed directly by the home owner.

## **7.4 Regeneration / Neighbourhood Renewal Public Sector**

<b>7.4.1 Non-Traditional Investment –</b>	<b>Budget</b>	<b>£1,400,000</b>
	<b>Forecast</b>	<b>£1,470,917</b>
	<b>Variance</b>	<b>£ 70,917</b>

This budget is to complete external refurbishment and insulated 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.

Total spend to the end of September 2014 was £922,764 with 97 completions in year and 40 work in progress. The forecast spend has increased due to essential variations to works whilst on site.

<b>7.4.2 Garage Site Investment –</b>	<b>Budget</b>	<b>£250,000</b>
	<b>Forecast</b>	<b>£250,000</b>

This will fund improvement works to garage sites across the borough. Works will include re-surfacing to the highway, re-roofing, new doors and general environmental improvements. Tenders are being issued to contractors for pricing in October 2014 which is a later than planned but should not impact on delivering the programme within the current financial year.

<b>7.4.3 New Build DPU Bungalows –</b>	<b>Budget</b>	<b>£300,000</b>
	<b>Forecast</b>	<b>£300,000</b>

It is proposed to construct 4 DPU bungalows, 2 located in Kimberworth and 2 located in Thurcroft using cost savings generated to date through the Repairs and Maintenance contract with Morrison FS and Wilmot Dixon Partnerships. The reduction in budget is a result of only having Planning Permission in place for the site at Redscope, Kimberworth Park. A further site is now identified at Wadsworth Road, Bramley, but given lead time for design, planning permission and construction it is unlikely they will be complete within the current financial year.

<b>7.4.4 Enabling Works (HRA Land) –</b>	<b>Budget</b>	<b>£100,000</b>
	<b>Forecast</b>	<b>£0</b>
	<b>Variance</b>	<b>-£100,000</b>

There are currently no plans that will utilise this budget. Any requirement for enabling works will now be met from any underspends within other budgets within the capital programme. It is proposed to delete this budget and vire to fund Lady Oak works.

<b>7.4.5 Opportunity/ Strategic Acquisition –</b>	<b>Budget</b>	<b>£2,835,915</b>
	<b>Forecast</b>	<b>£1,537,000</b>
	<b>Variance</b>	<b>-£1,299,000</b>

This funding is part of a multi-year commitment to acquire properties to add to the council's social housing stock through the 30 Year HRA Business Plan. Spend to the end of September 2014 was £525,858. Following a review of current agreed programmes with developers the forecast spend has been reduced. The remaining budget of £1,299,000 will be carried forward to be spent in 2015-16.

## **7.5 Regeneration/ Neighbourhood Renewal Private Sector**

### **7.5.1 Dinnington Transformational Change – Budget   £1,200 Forecast   £1,200**

This project was funded through the Regional Housing Board and was the installation of temporary art work to Dinnington Town centre. This budget will fund the removal during 2014-15.

### **7.5.2 Canklow Phase 1 & 2 – Budget       £720,531 Forecast       £720,531**

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. At the current time there are 3 properties subject to offers and 4 properties where negotiations are ongoing. Spend to the end of September 2014 was £168,236.

### **7.5.3 Bellows Road Service Centre Clearance – Budget       £592,343 Forecast       £400,000 Variance       -£192,343**

This is an ongoing Housing Market Renewal scheme and includes the construction of new shop units and provision of new housing within the area. At the present time a planning application and lease agreement are pending for re-location of the T-mobile telephone mast. Asbestos surveys and removal are all outstanding on the multi storey car park and require completion prior to demolition, hence the reduction in forecast spend. It is proposed to carry forward the balance of £192,343 to 2015-16. Spend to the end of September 2014 was £13,783.

### **7.5.4 Monksbridge Demolition, Dinnington – Budget   £80,000 Forecast   £80,000**

This is a new project and is to demolish 3 properties and reinstate land at 44-48, Monksbridge. The project is funded from Regional Housing Board grant funding ring fenced within the Capital Programme. It is anticipated works will commence on site in January 2015 subject to obtaining planning permission.

### **7.5.5 Doe Quarry Lane, Dinnington – Budget       £90,000 Forecast       £43,508 Variance       -£46,492**

This is a new project and is to undertake boundary improvements to 43 properties. Works commenced on site in September 2014. The project is funded from Regional Housing Board grant funding ring fenced within the Capital Programme. Within month the anticipated costs have reduced following receipt of tender. The remaining grant funding will now be held in reserves for future projects within Dinnington.

## **8.0 Finance**

**8.1** Financial implications are contained within the body of this report. Any revenue implications from the revised programme have been fully reflected in the HRA's latest 2014/15 outturn revenue forecast. The table below details how the programme will be funded.



<b>Funding</b>	<b>HIP £</b>	<b>Proposed HIP £ (if budget virements/ carry over approved)</b>
RCCO	8,513,030	8,513,030
HRA Prudential Borrowing	2,836,000	1,457,539
MRA	21,955,995	21,944,995
Grants	1,283,597	1,282,105
GF Prudential Borrowing	0	0
Capital Receipts RTB	1,002,663	968,663
Capital Receipts	1,213,474	1,021,131
Capital Receipts RTB 1 for 1	0	79,461
<b>Total</b>	<b>36,804,759</b>	<b>35,266,924</b>

The key change in funding of the programme is a reduction in HRA Prudential borrowing which was being used to fund property acquisitions. These acquisitions can now be predominately funded through RTB receipts.

## **9.0 Risks and Uncertainties**

The Capital Programme is funded through a number of sources: borrowing, capital grants & contributions, revenue contributions and capital receipts. Any uncertainty over the funding of the Programme rests on confirmation that grants/contributions and capital receipts continue to be available in coming years. Where funding sources are volatile in nature the risks will be managed by continually keeping the programme under review.

Project/ scheme specific risks have been outlined within the body of the report.

## **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

The preparation of the Medium Term Financial Strategy incorporating a profiled capital programme and the associated revenue consequences, together with regular monitoring, highlights the Council's commitment to sound financial management.

## **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.

### **Report Author**

Paul Elliott, Business and Commercial Programme Manager; Neighbourhoods and Adult Services, paul.elliott@rotherham.gov.uk; Ext. 22494