

HOUSING REVENUE ACCOUNT

KEY VARIANCES & ISSUES – SEPTEMBER 2014 PROGRAMME UPDATE

The proposed September programme update totals **£229,583,000**. This can be compared to the previous February update total of **£226,830,000** resulting in an increase of **£2,753,000**, which represents a percentage variance of **1.0%**.

The changes to the programme are shown in the following summarised table:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 and Later Years £000	Total £000
Proposed	30,587	46,404	52,586	35,326	31,791	32,889	229,583
Previous	37,029	53,399	37,018	34,926	31,875	32,583	226,830
Variance	(6,442)	(6,995)	15,568	400	(84)	306	2,753

Slippage and re-phasing that impacted on 2013/14 was reported to Council on the 16 July 2014 as part of the Housing Revenue Account Revenue and Capital Outturn report. The explanations below therefore do not replicate this information and instead highlight only new items which need to be brought to the attention of Full Council.

PROGRAMME CHANGES:

HRA 1 – Thornhill District Energy Scheme (Total budget change £2,498,000 increase)

Gold Scheme – £8,035,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The structure of the scheme has changed which has required an increase in budget

The structure of the scheme has changed as a result of more detailed information being available. The work carried out recently by Mitie has shown the build costs of the plant were originally underestimated and, due to changes made to the calculation of the grant, it is likely the Council will receive less funding than was originally included in the costings. The financial modelling work that has been completed to date shows a positive contribution to the HRA surplus over a 30 year period. Work continues on evaluating the scheme and the final revised scheme will be subject of a further report to Council in November.

HRA 2 – HRA Business Case Resources (Total budget change £441,000 increase)

Silver Scheme – £441,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been an addition to the programme for the provision of the Capital element for Business Transformation.

A new line has been added to the programme to allow for the HRA contribution to the overall Council transformation programme.

HRA 3 – Housing Refurbishment – East – Mitie (Total budget change £162,000 increase)

Gold Scheme – £8,621,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been additional funding for this project to cover additional costs for Capita Fees.

Following a lengthy negotiation with Capita over fees relating to the Housing refurbishment projects, agreement was finally reached which resulted in additional costs to this project.

HRA 4 – Mobile Working Extension and Phase 2 (Total budget change £110,000 increase)

Silver Scheme – £110,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been an addition to the programme for the extension and phase 2 elements of the Mobile Working project.

The implementation of Mobile Working has been reprogrammed, including phase 2 of the project, to allow for sufficient time to test the new system and fully train the staff. This will minimise the risk of problems in services to customers resulting from adverse issues once it is launched. As a result additional project management costs have been incurred.

HRA 5 – Homeless Temporary Accommodation (Total budget change £275,000 decrease)

Gold Scheme – £995,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The budget has been reduced as a Council owned property is to be used for this scheme.

The original budget included the cost of purchasing a property. Selbourne House has now been transferred to the HRA from the General Fund to be used for this scheme. There will be a subsequent transfer of debt from the General Fund to the HRA, which will have the same impact on the HRA Business Plan, as if the property had been bought from a third party.

HRA 6 – Concierge Walk Up Block Roll Out (Total budget change £265,000 decrease)

Silver Scheme – £8,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been a cost saving on this scheme.

When this scheme was originally approved, it was anticipated that a number of Walk-Up blocks across the city would benefit from a Concierge service. However, in consultation with residents, we will now be only upgrading door entry systems under that specific budget.

HRA 7 – Fire Doors (Communal) (Total budget change £231,000 decrease)

Silver Scheme – £1,095,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been a cost saving on this scheme.

The number of fire doors needing replacement is less than originally estimated.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

HRA 8 – Thornhill District Energy Scheme (Slippage of £4,937,000 between 14/15 and 15/16)

Gold Scheme – £8,035,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Changes to structure of scheme.

Due to the changes to the structure of the scheme (as outlined above), triggered by changes to the Energy Companies' Obligation, the work will now be carried out over two years rather than needing to be completed by April 2015.

HRA 9 – Bathroom and Kitchen Refurbishment (Slippage of £1,557,000 between 14/15 and 15/16)

Gold Scheme – £9,654,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Programme of work smoothed.

This multi-year programme of work has been smoothed to provide a more even year on year flow of work to the contractors which provides better overall value to the Council.

HRA 10 – Townhill Park – Site Assembly (Slippage of £1,358,000 between 14/15 and 15/16)

Gold Scheme – £6,850,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been fewer early leaseholder purchases and revised demolition programming.

The budget provides for Phase 2 & 3 leasehold properties to be purchased early where there is an opportunity to do this to help enable longer term vacant possession of blocks. As this is opportunity led, the actual numbers and costs are hard to predict and the final number becoming available is less than was allowed for. The demolition programme has been further considered and, subject to Council approval, is now phased over two years with 50% to be completed in 2014/15 and 50% in 2015/16.

HRA 11 – Weston Court – Communal Area Works (Slippage of £1,199,000 between 14/15 and 15/16)

Gold Scheme – £1,975,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been delays in this programme of works due to design issues.

Following the initial design and specification works for this project, further examination has now taken place which has identified the need for some alterations before work begins. The overall scheme is still due to be delivered on time and within budget.

HRA 12 – Wimpson Lane Rebuild (Slippage of £940,000 between 14/15 and 15/16)

Gold Scheme – £1,000,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The redevelopment of this scheme is not programmed to start this financial year

The scheme is subject to further design work and value engineering before Cabinet approval to redevelop can be sought. It is not anticipated that any significant capital spend will be required this year as planning permission will still need to be sought and decanting completed in the event of cabinet approval being given.

HRA 13 – Estate Regeneration Framework – Townhill Park (Slippage of £160,000 between 14/15 and 15/16)

Gold Scheme – £556,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been changes to the programme of works.

Due to changes to the programme, this expenditure is not required yet, but will be used for additional professional fees as the development commences.

HRA 14 – Structural Works (Re-phasing of £200,000 between 15/16 and 14/15)

Gold Scheme – £2,234,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The budget for this scheme will be brought forward from 2015/16.

During recent structural services of properties across the city, it was discovered that a number of these properties would benefit from remedial works sooner than planned. This would help to minimise risks associated with the overall structural position of the buildings.

CORPORATE FINANCIAL & PROJECT ISSUES:

There are no corporate FINANCIAL ISSUES for the Portfolio relating to significant over or under spends.

There are no corporate PROJECT ISSUES for the Portfolio.

Note

PROGRAMME CHANGES = Significant (material and/or political) corporate programme scheme variances (additions/increases/decreases).

MAJOR ITEMS OF SLIPPAGE/RE-PHASING = Significant (material and/or political) corporate programme scheme variances (slippage/re-phasing).

CORPORATE FINANCIAL & PROJECT ISSUES = Significant (material and/or political) corporate financial or project issues that need consideration by Cabinet at a corporate level. This would generally be where the Budget/Quality/Time RAG status is **Red** (or **Amber** for Gold projects).