

KEY ISSUES – QTR 3**HOUSING REVENUE ACCOUNT**

The portfolio programme currently totals **£248.10M**. This can be compared to the previous reported programme position of **£202.49M** resulting in an increase of **£45.61M** on the programme which represents a percentage increase of **22.5%**.

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£M	£M	£M	£M	£M	£M	£M
Programme at last report	71.18	46.50	34.53	28.63	21.65	0	202.49
Approvals since last report	(0.09)	0	0	0	0	0	(0.09)
New Additions for Approval	0	0	0	0	0	39.09	39.09
Other Changes for Approval	0	(3.94)	0.84	2.34	5.47	1.70	6.41
(Under)/Overspends	0.20	0	0	0	0	0	0.20
Slippage/Rephasing	(16.33)	16.33	0	0	0		0
Programme Total	54.96	58.89	35.37	30.97	27.12	40.79	248.10

PROGRAMME CHANGES**APPROVALS SINCE LAST REPORT****HRA 1 – New Build Social Housing (£0.09M Decrease)**

In 2015/16 a grant of £0.35M, financed by HRA Right to Buy income, to a Housing Association to purchase 6 houses was reduced by £0.29M following a decision by the Housing Association to only purchase a single residence. This reduction was partly offset by additional grant funding of £0.20M to another Housing Association to provide affordable housing.

NEW ADDITIONS FOR APPROVAL**HRA 2 – Additional year added to the Programme (£39.09M Increase)**

Following the extension of the programme to 2020/21, £39.09M of unapproved schemes have been added to the capital programme.

OTHER CHANGES FOR APPROVAL

HRA 3 – Estate Regeneration and New Build Programme (£6.40M Decrease)

Whilst £10.10M of funding for Citywide Estate Regeneration remains in the Business Plan, it is now phased over 3 years starting in 2021/22 and, therefore, falls outside of the period covered by the current capital programme. This movement has been partially offset by £3.70M extra being provided for the Estate Regeneration scheme at Wimpson / Woodside, bringing total funding for that scheme to £16.00M. Additionally it is hoped that negotiations with Government on Hampshire's devolution deal will lead to more funding for regeneration schemes, allowing more money to be added to this budget before 2021/22 and in addition to the £10.10M already protected and set aside.

HRA 4 – Safe Wind and Weather Tight (£12.38M Increase)

Roof Finish Flat - Future Years (£10.20M Increase)

This has increased for several reasons, including as a result of an internal cost review based on a recent tender exercise. This has identified costings used that did not reflect increased specification requirements in the roofing contract largely as a result of changes to Building Regulations. The information is based on our current understanding and could be refreshed in future capital revisions. Historical poor weather has also identified a number of roofs which require replacement in the short term, therefore increasing the original programme. Furthermore, the budget for Roof Finish-Pitched/Structure/Gutter/Downpipes has been transferred into this budget area (see item below).

Roof Finish-Pitched/Structure/Gutter/Downpipes - Future Years (£2.89M Decrease)

The cost reduction is a result of pitched roof replacement now forming part of the Roof Finish Flat Future Years budget, partially offset by costs for downpipe replacements at Redbridge and Millbrook Towers.

Wall Structure & Finish - Future Years (£6.16M Increase)

Improved information from the stock condition database has re-profiled the timing of properties where works to the external elevations is required to maintain water tightness.

Structural works - future years (£0.78M Decrease)

This is a reduction in projected structural works, as a result of ECO works encapsulating buildings with cladding systems, which results in fewer concrete repairs. In addition repairs undertaken are lasting longer than originally anticipated, therefore the frequency of repair is reducing.

HRA 5 – Modern Facilities (£3.69M Decrease)

Housing Refurbishment & Future Years (£5.47M Decrease)

An assessment of the level of refused entry numbers has informed an amendment to the budget requirement to reflect what works are likely to be delivered. An allowance has been left to pick up these refusals as they become void or the refusal is retracted.

Updated information from surveys and other capital works (i.e. disabled adaptations) is also reducing the short term requirement as kitchens and bathrooms are having a longer life than anticipated in previous surveys.

Increases to lifecycles for both kitchens and bathrooms have also contributed to a reduction in the budget required (new cycles are 22 years for kitchens and 33 years for bathrooms).

Central Heating Distribution Systems - (£1.67M Increase)

The electrical heating systems programme has been updated following a review of requirements and improved information becoming available about the age of the current electrical heating installations (underfloor and storage heating).

HRA 6 – Well Maintained Communal Facilities (£2.68M Increase)

Renew Hardwired Alarm System (£2.00M Decrease)

This variation relates to change in the estimated cost. This will be reviewed as the specification is determined and the project tendered.

Roads Paths and Hard Standings (£1.13M Increase)

An annual provision has been added based on historic expenditure.

DN: Future Decent Neighbourhood Schemes (£3.67M Increase)

An annual provision has been added based on historic expenditure.

HRA 7 – Warm and Energy Efficient (£1.42M Increase)

External Wall Insulation (£4.90M Increase)

Money has been identified for the current requirement for works as part of the current ECO project. As details for ECO post 2017 are not yet available this budget may change when future grant funding details become available.

Utility Supplies: Communal – Electric, Gas and Water (£0.47M Decrease)

Most of these works have been included within main specifications of other refurbishment works.

Landlord Meter Conversions - Future Years (£1.30M Decrease)

The scope of works has been combined with ECO works as part of the District Heating project.

Utility Supplies Communal - Future Years (£1.52M Decrease)

Most of these works have been included within main specifications of other refurbishment works.

(UNDER)/OVERSPENDS

HRA 8 Safe Wind and Weather Tight (£0.23M Increase)

Existing Satisfactory Purchase Scheme (£0.23M Increase)

As part of this scheme, a number of dwellings have been identified to purchase which will complement the Council's existing stock. In looking at options available, two more dwellings have come to light that are excellent opportunities to increase the stock and the purchase of these has meant that this scheme will overspend. However, this scheme contributed to ensuring that Right to Buy receipts generated in Southampton, due for re-investment in the city by September 2015, will not be returned to central Government.

SLIPPAGE/REPHASING

HRA 9 – Programme Slippage from 2015/16 to 2016/17 (£16.33M)

Weston Shopping Parade Redevelopment (Slippage of £0.04M from 15/16 to 16/17)

Slippage relates to fee payments which have now been rescheduled to next year following delays in finalising lease agreements and delays in the library move.

Weston Shopping Parade Housing and Comm Facilities (Slippage of £0.30M from 15/16 to 16/17)

Slippage relates to the final grant payment to Bouygues which will not be made before April 2016.

Townhill Park: Site Assembly (Slippage of £1.94M from 15/16 to 16/17)

Slippage is due to delays in approving the decanting of residents and purchases of property in later phases of the project. This has resulted from the delivery model being reviewed in light of significant Government changes in social housing funding and where grants for new housing will be provided (e.g. starter homes).

Townhill Park: Design & Contract P1, 2 & 3 (Slippage of £0.40M from 15/16 to 16/17)

Slippage is due to the delivery model being reviewed in light of significant Government changes in social housing funding and where grants for new housing will be provided (e.g. starter homes).

Supported Housing 2 Storey Walkway Repairs Current (Slippage of £0.63M from 15/16 to 16/17)

Slippage is due to a delay in commencement of the newly appointed contractor for their phase of the project which is now starting in January 2016.

Windows (Slippage of £0.57M from 15/16 to 16/17)

This scheme was directly affected by the process of agreeing the ECO project scope and therefore funding which held up works on Windows as money was being held back in case it was to be included within the ECO programme. Now that ECO funding has been finalised there is insufficient time to identify and carry out all the window replacement work this year as planned, part of this scheme has had to slip into 2016/17.

External Doors – Houses (Slippage of £0.05M from 15/16 to 16/17)

This scheme was also directly affected by the process of agreeing the ECO project scope and therefore funding which held up works on External Doors as money was being held back in case it was to be included within the ECO programme. Now that ECO funding has been finalised there is insufficient time to identify and carry out all the door replacement work this year as planned, part of this scheme has had to slip into 2016/17.

Manston Court External Lift (Slippage of £0.52M from 15/16 to 16/17)

Slippage is due to delays and problems with obtaining planning consent, which has delayed the works being put out to tender. The scheme is now expected to start mid-March / April 2016.

DN: THP Phase 2 MacArthur/Vanguard (Slippage of £0.92M from 15/16 to 16/17)

Slippage is due to a second planning application being filed as planners have advised the first one also required a stopping-up order in the decision. This meant a restart of the tender process which has delayed the original planned start date to early March 2016.

DN: Leaside Way Improvements (Slippage of £0.01M from 15/16 to 16/17)

Forecast slippage of £10k is due to programme delays with suppliers.

DN: Cuckmere Lane (Slippage of £0.11M from 15/16 to 16/17)

Slippage results from delays in assigning a Quantity Surveyor to enable the Capita Landscape Architect to provide the “stage 3 report”, thus delaying the project start.

DN: Future Decent Neighbourhood Schemes (Slippage of £0.12M from 15/16 to 16/17)

This budget represents the balance of Decent Neighbourhood funding for smaller schemes on Southampton’s estates. A number of schemes are being completed and this unused balance will be slipped into 2016/17 to be allocated to further schemes.

Thornhill District Energy Scheme (Slippage of £10.58M from 15/16 to 16/17)

The slippage is due to the withdrawal of the council’s original partner from the project, which meant SCC had to find a new contractor and assess their revised proposals including altering the location of the main boiler house. These new proposals still aim to deliver the majority of the scheme by spring 2017 to satisfy previous timescales.