

KEY ISSUES – QTR 3

HOUSING REVENUE ACCOUNT

The portfolio programme currently totals **£233.61M**. This can be compared to the previous reported programme position of **£213.94M** resulting in an increase of **£19.67M** on the programme which represents a percentage increase of 9.2%.

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

	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£M	£M	£M	£M	£M	£M
Programme at last report	81.76	38.84	25.43	27.13	40.78	213.94
Approvals since last report	0.00	0.00	0.00	0.00	0.00	0.00
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	(3.15)	16.83	5.72	0.27	19.67
Slippage/Rephasing	(23.32)	23.32	0.00	0.00	0.00	0.00
Programme Total	58.44	59.01	42.26	32.85	41.05	233.61

The forecast position of the 2016/17 programme is **£57.86M** resulting in a forecast **£0.58M** underspend.

PROGRAMME CHANGES

OTHER CHANGES FOR APPROVAL

The following changes to the programme, including phasing and funding are detailed in the 30 year HRA Business Plan, see separate item on the agenda.

HRA 1 – Minor Projects - (£1.09M Increase)

There are a number additions to minor projects, totalling £1.09M.

Estate Regeneration

HRA 2 - Estate Regeneration – Woodside/Wimpson - (£6.98M Increase)

A planning application was submitted on this scheme at the beginning of December 2016. The design principles used are to provide a good quality scheme with minimised long term maintenance costs, low running costs for residents, and replicable as a large block of flats solution on other sites in the City. The scheme now consists of 99 units, 84 of which will provide housing with care. The latest figures are based on a scheme cost estimate based on this design, and prepared by the Employer's Agents on the project.

HRA 3 –Townhill Park (Buy Back of Units) - (£7.7M Increase)

This increase is due to the delivery of Phase1 Plot 1 of 56 affordable rent units (50 apartments and 6 houses) to be owned by the Council that has been accelerated in order to benefit from the Housing and Communities Agency grant of £750,000 contribution

towards 50 affordable units. We are also currently seeking grant contribution on the remaining 6 units.

Safe Wind and Weather Tight

HRA 4 - Structural Works – (£12.58M Increase)

Structural tests that have been carried out on cantilever walkways and balconies have identified that further reinforcement is required to be built into these structures. Any walkways or balconies with structural concerns have been propped for safety and these will not be removed until this additional reinforcement has been undertaken.

HRA 5 - Electrical System - (£3.48M Decrease)

The majority of a city wide data cleanse is being undertaken as part of the annual inspection programme. The information gained from completed reviews so far indicates that a new reduced programme of works will be required.

HRA 6 - Roof Finish-Pitched/Structure/Gutter/Downpipes – (£0.58M Increase)

Following a closer inspection of wooden suffixes and fascia's on properties, it was noted that a significant number of these had now become rotten and will need to be replaced with PVC.

HRA 7 - Wall Structure & Finish - (£4.61M Decrease)

Improvements to wall structure and finish have been reprioritised to accommodate newly emerging priorities across the housing stock. The programme of works now targets properties in a more structured manner across the housing stock. The external decoration programme has also alleviated some of the pressures in this area as a result of combining repair and decoration activities.

HRA 8 - Lift Refurbishments – (£1.54M Decrease)

A change of specification has been implemented wherever possible to avoid replacing the complete lift car and to instead carry out lift car overhauls to extend their life before a full replacement is required.

HRA 9 - External Doors – (£0.52M Decrease)

Improved data from stock condition surveys and reprioritisation of works has resulted in the short term requirement for external doors being reduced.

HRA 10 – HFRS Fire Safety / Sprinkler Project – (£0.65M Increase)

The specification for this project has been widened to address other safety upgrades which can be undertaken whilst the ceilings have been removed as part of the sprinkler system installation. This includes upgrading fire stopping, work to ducts and the associated building works.

HRA 11 - Renew Warden Alarm – (£0.86M Increase)

The programme has been increased to allow for the complete replacement of the old and out of date redundant warden call system across the supported schemes citywide,

including the walk up blocks and some of the sheltered schemes. In total this is around 1500 flats.

Modern Facilities

HRA 12 - Housing Health & Safety Rating System (HHSRS) – (£0.8M Increase)

The capital element of works performed under the DRI (Damp Reduction Initiative) whereby the action required is to improve Health and Safety at the property but is not a repair have now been transferred into this programme.

HRA 13 - Disabled Adaptations – (£0.79M Increase)

In order to meet the needs of an increasing number of ageing residents and their desire to stay in their own home, the provision of future years disabled adaptations budget has been increased.

HRA 14 - Heating Systems – (£3.1M Decrease)

Investment in existing gas central heated properties will continue to target old appliances to improve the efficiency of heating provided. Proactive improvements to electrically heated properties have been re-phased to provide a more structured approach towards replacements.

HRA 15 - Housing Refurbishment – (£2.38M Decrease)

As the number of refusals from tenants has risen, the budget set aside for this work has not all been used. This has enabled works from future years to be completed ahead of schedule. The effect of this is to reduce the future years' requirement.

Well Maintained Communal Facilities

HRA 16 - Decent Neighbourhood Estate Improvement Programme – (£0.63M Increase)

The Estate Improvement Programme has been extended by a further 3 years to 2020/21.

HRA 17 - Door Entry System Replacement – (£0.79M Increase)

The provision of improved data following a data cleansing exercise and Local Housing Office feedback relating to anti- social behaviour has identified a number of doors with obsolete door entry systems that require upgrading.

HRA 18 - Communal Shed/Store Areas – (£0.65M Increase)

To reduce the ongoing maintenance requirement of communal sheds, GRP doors are to be fitted at all blocks to replace existing communal shed timber doors.

HRA 19 – Supported Housing Area Programme (SHAP) – (£0.59M Increase)

Following a refresh of the SHAP Programme, revised and additional works were identified and these have now been incorporated into the new programme for Supported Housing schemes.

Warm and Energy Efficient

HRA 20 - External Wall Insulation – (£0.59M Increase)

Improved cost information and data cleansing has allowed more accurate forecast of EWI investment requirements necessitating an additional budget requirement.

HRA 21 – Insulation Works – (£0.03M Increase)

There has been an improvement in information in relation to insulation requirements following a desktop study and site surveys. In addition improved cost information has been obtained that takes into account the likely future investment requirements with reduced grant funding opportunities.

SLIPPAGE / REPHASING

Estate Regeneration

HRA 22 - Townhill Park: Design & Contract P1, 2 & 3 (Slippage of £0.41M from 16/17 to 17/18)

The Delivery Model has been reviewed to incorporate Government Housing Policy Changes

The Government has introduced a number of proposals which have impacted on the current aspiration to provide a significant number of homes for affordable rent through the HRA as part of the council's ongoing Estate Regeneration programme, and as a consequence additional time has been required to update the Delivery Model for these proposals.

Specific changes that have had an impact on this project are:

1. Rents in the social rented sector will be reduced by one percent per year for the next four years. Therefore it has been necessary to plan for significantly reduced rental income alongside the previously announced plans to sell off vacant "high value" council housing and hand over the capital receipts to central government.
2. The Housing and Planning Act 2016 contains significant changes to planning most notably the removal of obligatory section 106 requirements for the provision of affordable housing in favour of lower cost home ownership products such as Starter Homes. This measure will change the definition of what is considered affordable housing in favour of home ownership as opposed to affordable rent.

HRA 23 - Woodside/Wimpson (Slippage of £5.37M from 16/17 to 17/18)

Following the successful completion of the Erskine Court extra care scheme in Lordshill, it became clear that unmet need for housing of this kind had changed so that two-bedroom flats for over-55s (which make up the majority of the Erskine Court scheme) were now less urgently required, while one-bed flats and accommodation for learning disability clients was now more needed. This involved a change in the specification of Woodside Lodge – leading to a delay – to ensure the finished scheme delivers the accommodation which is in most short supply.

HRA 24 - HFRS Fire Safety/Sprinkler Project (Slippage of £0.66M from 16/17 to 17/18)

This project is planned to commence once other projects working at the same properties have completed their works. As some of the other projects have not completed within planned timescales this has caused a delay in implementing the new sprinkler systems.

HRA 25 - DN: Thornhill (Slippage of £0.8M from 16/17 to 17/18)

This work is planned to commence once ECO works are complete. That project has itself slipped and this has caused a delay to the start of the planned Decent Neighbourhood works at Thornhill.

HRA 26 - DN: Cuckmere Lane (Slippage of £0.6M from 16/17 to 17/18)

The resident's consultation period was extended causing a delay to the start of these works. Further delay arose due to the departure of 2 Landscape Architects involved with this project. New architects have now been appointed and a revised start date of April 2017 has been agreed.

HRA 27 - Roads, Paths and Hard Standings (Slippage of £0.37M from 16/17 to 17/18)

The process of agreeing a brief and then securing a contractor for these works took longer than envisaged. The appointed contractor is now working to incorporate these work requirements into their existing work plans. These factors have combined to delay the commencement of this programme.

HRA 28 - Thornhill District Energy Scheme (Slippage of £15.54M from 16/17 to 17/18)

Following the pre-application stage the level of information required to support the full planning application was greater than expected. This has extended the length of time needed to produce this planning application.

The timeframe for the planning process increased due to an additional element of the works having to be included in the application taking it from a minor project scheme to a major project scheme under planning terminology.

Additional delays were experienced once planning approval was granted as there were 22 conditions applied which was far more than expected and required us to add more information to meet these conditions before work could commence on site.

FORECAST**(UNDER)/OVERSPENDS****Safe Wind and Weather Tight****HRA 29 - Copse Road Block Refurbishment (£0.15M Decrease)**

The scope of this scheme has been reduced with only minimum works now required to provide a wind and weathertight structure and to only eliminate the health and safety risks.

Well Maintained Communal Facilities**HRA 30 – Millbrook and Redbridge Rain Water Systems replacement (£0.48M Decrease)**

A value engineering review of the rainwater systems replacement work has identified achievable savings from the original proposal. The programme has been amended to incorporate these changes.