

HOUSING REVENUE ACCOUNT

KEY VARIANCES & ISSUES – FEBRUARY 2014 PROGRAMME UPDATE

The proposed February programme update totals **£226,830,000**. This can be compared to the previous September update total of **£193,380,000** resulting in an increase of **£33,450,000**, which represents a percentage variance of **17.3%**.

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 & Later £000	Total £000
Proposed	37,029	53,399	37,018	34,926	31,875	32,583	226,830
Previous	43,909	44,358	37,217	32,023	35,873	0	193,380
Variance	(6,880)	9,041	(199)	2,903	(3,998)	32,583	33,450

A large proportion of the increase (£28,608,000) is due to the addition of new 'unapproved' schemes, following the extension of the programme to 2018/19. The major items compromising the remaining variance of £4,842,000 are explained in the following paragraphs.

PROGRAMME CHANGES:

HRA 1 – Thornhill District Energy Scheme (Total budget change £5,537,000 virement from programme savings)

Gold – £5,537,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been approved virements to fund the Thornhill District Energy scheme.

Savings were identified throughout the HRA Capital Programme in order to provide funding for the Thornhill District Energy scheme in 2014/15. This included £2M of savings in 2013/14, with the remainder from future years. The virements and the project expenditure were approved by Council on 20th November 2013. Full details of the scheme are in the Council report.

HRA 2 – Wimpson Lane Rebuild (Total budget change £1,000,000 increase)

Gold – £1,000,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been an addition to the programme for the rebuild of properties at Wimpson Lane.

It is proposed to add a new scheme to the New Build section of the HRA Capital Programme to provide for the rebuild of properties in Wimpson Lane. The provisional total cost is estimated as £1,000,000 with £700,000 funded from additional borrowing and £300,000 from available Right to Buy receipts. Full details of the scheme will be included in a future scheme approval report, following a programme of consultation.

HRA 3 – Supported Housing Area Programme (Total budget change £3,719,000 increase)

Gold – £3,719,000 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 works to the Supported Housing blocks throughout the city.

Any works identified for Supported Housing were previously included as part of the Communal Area Works budget within the Well Maintained Communal Facilities section of the HRA Capital Programme. This line has now been separated out in order to enable the budget to be monitored as a separate entity. Full details of the projects will be included in future scheme approval reports.

HRA 4 – Mobile Working (Total budget change £461,000 virement from programme savings)

Bronze – £461,000 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 mobile working facilities for Housing Operations.

The addition of £461,000 to the Safe Wind and Weather Tight section of the HRA Capital Programme for the provision of a Mobile Working facility for Housing Operations was approved by a Chief Officer decision on 31st October 2013. The scheme was funded by a virement from programme savings.

HRA 5 – Supported Communal Improvements – Graylings (Total budget change £300,000 virement from programme savings)

Silver – £1,872,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been an addition to the budget, due to changes in the specifications for the project.

Changes to the specifications of the works to incorporate additional facilities have led to a significant cost increase for this project. In order to meet these costs, savings have been identified throughout the Housing Investment area of the HRA Capital Programme.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

HRA 6 Townhill Park – Phases 1 - 3 (Slippage of £1,180,000 between 2013/14 and 2014/15 and re-phasing of £881,000 into 2014/15 from future years)

Gold Scheme – £11,800,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The expenditure on the project has been re-profiled.

On 19th November 2013 Cabinet approved expenditure on the Townhill Park Estate Regeneration scheme that changed the profile of the budget but not the overall cost. Full details are in the Cabinet report.

HRA 7 – Homeless Temporary Accommodation (Slippage of £1,000,000 between 2013/14 and 2014/15)

Silver Scheme – £1,270,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been delays in this project due to procurement issues.

Due to issues with procurement together with a revised design during the tendering stage, the start on site date for this project has been delayed until February 2014. This has resulted in a large proportion of the overall budget needing to be slipped to 2014/15. The issue has now been addressed and this project is expected to complete within 6 months of start date.

HRA 8 – Decent Neighbourhoods Shirley (Slippage of £869,000 between 2013/14 and 2014/15)

Silver Scheme – £2,255,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status AMBER

Budget RAG Status GREEN

There have been delays in this project due to procurement issues.

Issues with the tender returns and associated evaluation have delayed the start of this project. This has resulted in a significant proportion of the overall budget being slipped to 2014/15. The delay in the announcement regarding the ECO funding has also added to the delay to the start date. These issues have now been resolved and work is underway.

HRA 9 – Roof Finish – Pitched/Structure/Gutter/Downpipes etc. (Slippage of £400,000 between 2013/14 and future years)

Gold Scheme – £6,161,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There have been savings made in this programme of works.

The receipt of grant to fund the majority of the works on this project has allowed a significant amount of the existing funding to be moved into future years, as well as being used to help fund the Thornhill District Energy scheme.

HRA 10 – Decent Neighbourhoods Millbrook Block Improvements (Slippage of £197,000 between 2013/14 and 2014/15)

Bronze Scheme – £606,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been slippage on this programme due to procurement issues.

The procurement process was delayed due to the doors and frames element of the works having to be removed from the tender documents. These works are to be delivered separately as part of a new procurement framework. A review of the risks associated with this change of approach has delayed this new framework, which is being progressed in close liaison with Capita. Although ground floor work at two blocks in Irving Road was carried out in December 2013, there is slippage associated with the other 3 blocks (Wimborne, Upton and Blandford Houses). The tenders for this work have now been returned and the contractor is in the process of being appointed.

HRA 11 – Lift Refurbishment (Slippage of £140,000 between 2013/14 and 2014/15)

Silver Scheme – £1,050,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been slippage on this programme due to a change in priorities.

The plan for 2013/14 was to refurbish one of the lifts at Rozel Court. However, having been made aware of significant issues with lifts elsewhere across the city, a review of the Lift Refurbishment Plan was undertaken. As a result of the review, there has been a change of priorities. The replacement of the lifts on the high rise block of Canberra Towers and Manston Court are being carried out as the highest priority. These works will commence in early 2014/15.

HRA 12 – Weston Court – Communal Area Works (Slippage of £125,000 between 2013/14 and 2014/15)

Silver Scheme – £1,975,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been slippage on this programme due to design issues.

This project will include the provision of a purpose-built rehabilitation extension, as well as a major refurbishment of all the communal areas of the existing building. The complexity of the design has caused a delay in the start of the project. Progress is being made and it is anticipated that the project will start in May 2014.

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.