

**HOUSING REVENUE ACCOUNT****KEY ISSUES – SEPT 2012 PROGRAMME UPDATE**

The proposed September programme update totals **£167,480,000**. This can be compared to the previous February update total of **£152,337,000** resulting in an increase of **£15,143,000**, which represents a percentage increase of **9.9%**.

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

	11/12	12/13	13/14	14/15	Later	Total
Proposed	22,123	33,894	36,287	34,839	40,337	167,480
Previous	25,742	31,443	32,682	34,506	27,964	152,337
Variance	(3,619)	2,451	3,605	333	12,373	15,143

**PROGRAMME CHANGES / MAJOR ITEMS OF SLIPPAGE OR RE-PHASING****HRA 1 – Photo Voltaic Systems (Total budget change £1,250,000 increase)****Unapproved Scheme – £1,250,000 Scheme Budget****Overall RAG Status      N/A****Schedule RAG Status    N/A****Budget RAG Status        N/A****Addition to the programme for the installation of photo voltaic systems.**

On the 21/8/2012 Cabinet recommended that Council approve the addition of £1,250,000 to the HRA capital programme for the installation of photo voltaic systems to be funded from unused Direct Revenue Financing.

**HRA 2 – Delivery Estate Regeneration Townhill Park (Total budget change £11,800,000 increase)****Unapproved Scheme – £11,800,000 Scheme Budget****Overall RAG Status      N/A****Schedule RAG Status    N/A****Budget RAG Status        N/A****Addition to the programme of Townhill Park regeneration scheme.**

On the 21/8/2012 Cabinet recommended that Council approve expenditure of £11,800,000 for the implementation of Phase 1 of the Townhill Park Regeneration. This is to be funded from £1,300,000 of General Fund S106 receipts, £2,600,000 from the sale of Land at Townhill Park and a transfer of £7,900,000 from the Estate Regeneration Estate Wide line included in the 30 Year HRA Business Plan. As well as the addition to the programme, this has also resulted in significant re-phasing.

**HRA 3 – Delivery Estate Regeneration Estate Wide (Total budget change £1,942,000 increase)**

**Unapproved Scheme – £11,700,000 Scheme Budget**

**Overall RAG Status        N/A**

**Schedule RAG Status     N/A**

**Budget RAG Status        N/A**

**Increase to the Estate Wide regeneration programme.**

Following the transfer of £7,900,000 to Townhill Park, there is £11,700,000 of unapproved funding on the Estate Wide Line. All of this is now included in the Capital Programme, which has resulted in bringing forward £1,942,000 of funding from future years of the 30 year HRA business plan.

**CORPORATE FINANCIAL & PROJECT ISSUES FOR THE PORTFOLIO**

**The CORPORATE financial issues for the Portfolio relating to significant over or under spends are:**

**HRA 4 - LA New Build Cumbrian Way (Forecast adverse £85,000 scheme variance)**

**Gold Scheme – £2,109,000 Scheme Budget**

**Overall RAG Status        GREEN**

**Schedule RAG Status     GREEN**

**Budget RAG Status        AMBER**

**Forecast adverse variance due to extensive additional highways works.**

There have been significant unforeseen additional costs such as extra gas & water main diversions, re-designs to provide wheelchair units, and highways re-designs and extra works to anticipate the requirements of the Estate Regeneration Phase 2 scheme. Various elements within the draft final valuation account are nearly resolved and cross-budget options to assist with wheelchair unit and highways re-design costs have been identified to assist with the overspend. Any transfer of funds will be subject to change request procedures.

**HRA 5 - DN Holyrood Improvements (Forecast adverse £250,000 scheme variance)**

**Silver Scheme – £1,311,000 Scheme Budget**

**Overall RAG Status        GREEN**

**Schedule RAG Status     GREEN**

**Budget RAG Status        AMBER**

**Forecast adverse variance due to submitted tender prices coming in higher than budget.**

CAPITA produced pre tender estimates (PTE) using industry standards and historic costings from previous schemes which were delivered within budget. Tenders have now been received which are £1.56M against the budget of £1.31M. Ways of making savings are currently being investigated but it may be necessary to submit a Change Request for additional funds to be bought forward from unallocated Well Maintained Communal Facilities schemes.

#### **HRA6 - Estate Regeneration Weston Shopping Parade (Forecast adverse £300,000 scheme variance)**

**Gold Scheme – £1,955,000 Scheme Budget**

**Overall RAG Status            GREEN**

**Schedule RAG Status        GREEN**

**Budget RAG Status            AMBER**

**Forecast adverse variance due to uncertainty over the cost of demolition.**

Full costs for demolition works have not yet been ascertained and may require additional budget. Capita have been commissioned to provide a breakdown of the likely costs for demolition. The report of this work is still awaited but is expected imminently.

**The CORPORATE project issues for the Portfolio are:**

#### **HRA 7 - Estate Regeneration Cumbrian Way**

**Gold Scheme – £1,259,000 Scheme Budget**

**Overall RAG Status            AMBER**

**Schedule RAG Status        AMBER**

**Budget RAG Status            AMBER**

**Contracts have not been exchanged yet.**

Planning permission has been granted and the Deed of Variation agreed and engrossed. We are currently awaiting engrossment from HCA for signature. Once the Heads of Terms have been finalised, HCA Deed of Variation signed and contracts conditionally exchanged the RAG status can be amended and this is expected imminently. Highways works have commenced to enable the development to proceed.

#### **HRA 8 - Estate Regeneration Hinkler Parade**

**Gold Scheme – £2,922,000 Scheme Budget**

**Overall RAG Status            AMBER**

**Schedule RAG Status        AMBER**

**Budget RAG Status            GREEN**

**Delays in progressing community facility occupation agreements.**

The Hinkler Project build is progressing at a good pace, however RAG Status overall is amber as there remain concerns regarding delays in progressing the community facility occupation agreements which will affect Council services and handover of the Tatwin Crescent site.

A re-issued programme forecasts that handover dates for the community facility would have an overall delay of approximately 8 months from the original programme issued at the start of construction work. This further delay is manageable for the SCC services affected but does incur additional risk until the leases are signed.