

KEY ISSUES – QTR 2

HOUSING REVENUE ACCOUNT

The portfolio programme currently totals **£213.94**. This can be compared to the previous reported programme position of **£209.37M** resulting in an increase of **£4.57M** on the programme, which represents an increase of **2.1%**.

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	75.44	35.04	30.98	27.13	40.78	209.37
Approvals since last report	4.57	0.00	0.00	0.00	0.00	4.57
New Additions for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Other Changes for Approval	0.00	0.00	0.00	0.00	0.00	0.00
Slippage/Rephasing	1.75	3.8	(5.55)	0.00	0.00	0.00
Programme Total	81.76	38.84	25.43	27.13	40.78	213.94

The forecast position of the revised 2016/17 programme is **£58.49M**. This is a forecast variance of £23.27M.

PROGRAMME CHANGES

APPROVALS SINCE LAST REPORT

HRA 1 – Existing Satisfactory Purchase Scheme (£4.79M increase)

Scheme Approval was given by Council on 20 July 2016 to purchase suitable properties from within the local market in 2016/17. The scheme will be part funded by useable “right to buy” receipts avoiding the need to return these time limited receipts to Central Government with interest.

HRA 2 – Copse Road Improvement Work (£0.22M decrease)

Scheme Approval was given by Cabinet on 19 July 2016 to reduce funding as the scope of works has been reviewed resulting with a reduced schedule of improvement works being required.

NEW ADDITIONS FOR APPROVAL.

None.

OTHER CHANGES FOR APPROVAL

None

SLIPPAGE/REPHASING

HRA 3 – ECO (Energy Companies Obligation) (Re-phasing of £4.48M from 2018/19 to 2016/17 and 2017/18)

The ECO budgets have been rephased to align with existing timescales.

Scheme approval was given by Council on 20 July 2016 to approve and realign the remaining unapproved ECO budget of £6.1M along the existing estimated timescales. £4.48M of this needed to be rephased from 2018/19 to 2016/17 (£1.5M) and 2017/18 (£2.98M).

This scheme has subsequently been subject to planning consent delays and there is now forecasted slippage in the scheme as explained in section HRA13 below.

HRA 4 – Renew Communal Systems (Alarms) (Rephasing of £1.07M from 2018/19 to 2016/17 and 2017/18)

This renewal programme has been rephased to align with earlier completion dates.

Scheme approval was given by Cabinet on 19 July 2016 to rephase £1.07M from 2018/19, of which £0.25M is for 2016/17 and £0.82M is for 2017/18. This is required to realign the budget to the revised activity plan for renewal of Communal Alarm Systems.

FORECAST CHANGES

Estate Regeneration

HRA 5 - Townhill Park: Design & Contract P1, 2 & 3 (Slippage of £0.25M from 2016/17 to 2017/18)

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 6 – Woodside/Wimpson Regeneration (Slippage of £4.98M from 2016/17 to 2017/18)

A new Delivery Plan process has been agreed and includes a later start date.

A new process is being implemented to move away from the master-planning of a single estate over several years and then moving onto the next one. That process was inefficient and didn't always deal with the buildings that needed redevelopment. The revised process will identify worst performing buildings to be prioritised and data is being collated to build this information into a new programme. This change in focus has caused delays to the start of this project.

Safe, Wind & Weather Tight

HRA 7 - Sprinkler Project (Slippage of £0.36M from 2016/17 to 2017/18)

This project is on hold whilst other works are completed.

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 8 – Copse Road Block Refurbishment (Saving £0.15M)

The scope of works has been reduced.

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

Well Maintained Communal Facilities

HRA 9 - DN: Thornhill (Slippage of £0.86M from 2016/17 to 2017/18)

This project is on hold whilst other works are completed.

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 10 - Roads/ Paths and Hard Standings (Slippage of £0.05M from 2016/17 to 2017/18)

The contractor requires some time to prepare for these works.

The process of agreeing a brief and securing a contractor for these works took longer than envisaged and the contractor cannot start works until they have been able to fully incorporate these works into their work planning. These factors have created a small delay to the commencement of works.

HRA 11 - DN: Cuckmere Lane (Slippage of £0.6M from 2016/17 to 2017/18)

The residents were given an extended consultation period.

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 12 – Millbrook & Redbridge Towers Gutter Replacement (Saving of £0.4M)

Gutter replacement is not required.

The work to replace gutters has been cancelled following more detailed inspections that revealed that they were still in a serviceable condition.

Warm and Energy Efficient

HRA 13 - ECO (Slippage of £15.54M from 2016/17 to 2017/18)

Delays occurred in gaining planning consents and additional conditions being imposed.

Following the pre-application stage the level of information required to support the full planning application was greater than expected which 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.