

HOUSING REVENUE ACCOUNT

KEY VARIANCES & ISSUES – FEB 2013 PROGRAMME UPDATE

The proposed February programme update totals **£206,986,000**. This can be compared to the previous September update total of **£145,357,000**, resulting in an increase of **£61,629,000**, which represents a percentage increase of **42.4%**.

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

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 & later £000	Total £000
Proposed	31,196	37,202	35,622	34,609	31,988	36,369	206,986
Previous	33,894	36,287	34,839	27,762	5,000	7,575	145,357
Variance	(2,698)	915	783	6,847	26,988	28,794	61,629

A large proportion of the increase (£60,105,000) is due to the addition of new 'Unapproved' schemes, following the extension of the programme by two years (2016/17 and 2017/18). The major items comprising the remaining variance of £1,524,000 are explained in the following paragraphs.

PROGRAMME CHANGES

HRA 1 – Townhill Park - Enabling (Total budget change £200,000 increase)

Gold Scheme – £200,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Professional fees for procurement, design and planning stages of Townhill Park regeneration scheme.

Cabinet agreed on 13 November 2012 to add £200,000 to the Capital Programme for enabling works pertaining to the Townhill Park Estate Regeneration Project. Approval to spend was also given.

HRA 2 – Rotterdam Towers (Total budget change £1,000,000 increase)

Unapproved Scheme – £1,000,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Scheme to bring Rotterdam Towers to the same standards as the other four blocks in International Way, which have been renovated under the Community Energy Savings Programme (CESP) scheme.

Council is asked to add the above scheme to the Capital Programme (profiled £1,000,000 in 2012/13), which, in conjunction with a contribution from British Gas of £1,700,000, will ensure that Rotterdam Towers will receive identical works to that of its sister blocks. Rotterdam Towers was ineligible for the CESP funded work due to boundary restrictions but now qualifies under the Energy Company Obligation (ECO).

HRA 3 – Lift Refurbishment – Milner and Neptune Court (Total budget change £130,000 increase)

Silver Scheme – £1,842,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Extension of contract, due to the discovery of asbestos.

Due to a number of unforeseen issues during the construction phases of the projects, including underground services and additional asbestos which caused significant delays to the construction, the project incurred additional costs over the original budgeted sum. Some of the cost pressure has been managed within the projects leaving a residual additional funding requirement.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING

HRA 4 – Various Decent Neighbourhoods schemes (Slippage of £778,000 between 12/13 and 13/14)

Bronze Schemes – £6,892,000 Total Scheme Budgets

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Virement from Decent Neighbourhoods Future Years scheme to approved detailed schemes.

Cabinet agreed on 18 December 2012 to transfer £2,289,000 from Decent Neighbourhoods Future Years into various Decent Neighbourhoods schemes. Approval to spend, and to slip £778,000 from 2012/13 to 2013/14 was also given at this meeting.

HRA 5 – Townhill Park (Slippage of £5,200,000 between 15/16 and 16/17, 17/18)

Gold Scheme – £12,000,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Finalisation of Townhill Park expenditure profiling.

Cabinet on 13 November 2012 gave approval to spend on the first three phases of the Townhill Park Estate Regeneration scheme. Approval was also given to the phasing of this, and the change reflects the agreed phasing.

HRA 6 – Estate Wide Regeneration (Slippage of £6,875,000 between 13/14, 14/15, 15/16 and 16/17, 18/19)

Unapproved Scheme – £10,375,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

City Wide Estate Regeneration delayed.

Work on the development of the City Wide Estate Regeneration framework paused to take into account a revised strategic direction for estate regeneration. Work will now progress to commission consultants to undertake this work. The results of this work will inform and plan future city wide estate regeneration projects.

HRA 7 – Weston Shopping Parade Redevelopment (Slippage of £300,000 between 12/13 and 13/14)

Gold Scheme – £1,955,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Commercial tenancy acquisitions delayed.

Negotiations are progressing however it is anticipated that a number of the commercial tenancy acquisitions originally budgeted for in 2012/13 will now complete in 2013/14.

HRA 8 – Acquisition of property at Northam (Slippage of £424,000 between 12/13 and 13/14)

Silver Scheme – £450,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Delay to agree terms of lease and assess the condition of the property.

There have been delays whilst the condition of the property is reviewed and a number of complex issues resolved. The council is now in a position to agree the lease and proceed with the sale.

HRA 9 – Estate Regeneration City Wide framework (Slippage of £450,000 between 12/13 and 13/14, 14/15, 15/16)

Gold Scheme – £500,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Development of Estate Regeneration City Wide Framework

Work on the development of the City Wide Estate Regeneration paused to take into account a revised strategic direction for estate regeneration. Work will now progress to commission consultants to undertake this work.

HRA 10 – Supported Housing Walkway repairs (Slippage of £260,000 between 12/13 and 13/14)

Bronze Scheme – £774,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status RED

Budget RAG Status GREEN

Delay in implementation of walkway repairs.

Due to concerns over the quality of work being undertaken by the current contractor the project is now the subject of a new tender process to secure an alternative contractor. As a result a number of sites, which we would have anticipated completing in 2012/13, have been put on hold pending the appointment of a new contractor in early 2013/14.

HRA 11 – Decent Neighbourhoods – Harefield / Townhill Park (Slippage of £308,000 between 13/14 and 14/15)

Bronze Scheme – £700,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

Progress on this scheme has been delayed.

Progress on this Decent Neighbourhoods scheme has been delayed due to resources being utilised in moving forward other projects, in particular the work at International Way, which required completion within a government funding deadline.

HRA 12 – Lift Refurbishment – Ventnor Ct & James St (Slippage of £400,000 between 12/13 and 13/14)

Gold Scheme – £621,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

The procurement process has delayed this lift refurbishment project.

Due to a re-evaluation of the specification and procurement of lift works at these sites, as a result of lessons learnt from completed schemes elsewhere, the completion of the project is now expected in 2013/14.

HRA 13 – External Cladding PRC Houses (Slippage of £3,017,000 between 13/14 and 14/15, 15/16, 16/17, 17/18)

Unapproved Scheme – £10,117,000 Scheme Budget

Overall RAG Status N/A

Schedule RAG Status N/A

Budget RAG Status N/A

Cladding work planned for 2013/14 will now be grant funded.

The overall scheme has been slipped, as the first phase of works originally planned for 2013/14 will now be grant funded, delivering a significant saving. This has allowed the Council to plan for the external cladding of all of its remaining PRC Houses within the Capital Programme. Work is ongoing to review potential grant funding opportunities for future phases to generate further budget savings.

CORPORATE FINANCIAL & PROJECT ISSUES FOR THE PORTFOLIO

Corporate Financial Issues

HRA 14 - Lift Refurbishment – Future Years (Forecast adverse £581,000 scheme variance)

Silver Scheme - £1,118,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status GREEN

Budget RAG Status AMBER

Tender prices for recent projects have been in excess of originally forecast budget levels. Therefore, future projects need to be reviewed.

It has become apparent during the delivery of current lift refurbishment / replacement schemes, that the pre-tender estimates on which previous approvals were based were too low. Therefore, a review of the specification and tender process is required and a revised programme will be brought forward as appropriate.

Corporate Project Issues

There are no CORPORATE project issues for the Portfolio.