

HOUSING REVENUE ACCOUNT

KEY VARIANCES & ISSUES – SEPTEMBER 2013 PROGRAMME UPDATE

The proposed September programme update totals **£217,652,000**. This can be compared to the previous February update total of **£206,986,000** resulting in an increase of **£10,666,000**, which represents a percentage variance of **5.2%**.

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	24,272	43,909	44,358	37,217	32,023	35,873	217,652
Previous	31,196	37,202	35,622	34,609	31,988	36,369	206,986
Variance	(6,924)	6,707	8,736	2,608	35	(496)	10,666

Slippage and re-phasing that impacted on 2012/13 was reported to Council on 17 July 2013 as part of the Housing Revenue Account Revenue and Capital Outturn report. The explanations below therefore do not replicate this information and instead highlight only new items which need to be brought to the attention of Full Council.

PROGRAMME CHANGES:

HRA 1 – Rebuild of Erskine Court (Total budget change £9,800,000 increase)

Gold – £9,800,000 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 Erskine Court.

The addition of £9,800,000 to the New Build section of the HRA Capital Programme for the rebuild of Erskine Court in Lordshill was approved by Council on the 15 May 2013. Full details of the scheme are in the Council report.

HRA 2 – Homeless Temporary Accommodation (Total budget change £800,000 increase)

Gold – £1,270,000 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 homeless temporary accommodation.

Cabinet approved the addition of £800,000 to the Modern Facilities section of the HRA Capital Programme for the provision of homeless temporary accommodation on the 16 April 2013. A further £470,000 was moved from other schemes within Modern Facilities to fund the balance of the scheme budget of £1,270,000. Full details of the scheme are in the Cabinet report.

HRA 3 – Acquisition of Property at Northam (Total budget change £100,000 decrease)

Silver – £350,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There was a cost saving on this scheme to assist future regeneration in Northam.

Following a lengthy negotiation, the purchase price of the property was less than originally anticipated. It is proposed to transfer the saving to the unapproved Estate Wide scheme in the Estate Regeneration section of the HRA capital programme.

HRA 4 – CODEMAN Replacement (Total budget change £100,000 increase)

Silver – £100,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been an addition to the programme for the replacement of the asset management system.

The addition of £100,000 to the Safe, Wind and Weather Tight section of the HRA capital programme for the replacement of the CODEMAN asset management system was approved by the Interim Director of Environment & Economy in March 2013. This project will be directly funded from the HRA revenue budget.

MAJOR ITEMS OF SLIPPAGE/RE-PHASING:

HRA 5 – Decent Neighbourhoods Holyrood Improvements (re-phasing of £194,000 between 2014/15 and 2013/14)

Silver Scheme – £1,708,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

The budget for this scheme will be brought forward from 2014/15.

The scheme is currently being delivered ahead of the original schedule. This is due to the positive approach of the contractor and improvements to project management skills and experience following the implementation of lessons learnt on previously completed projects.

HRA 6 – Decent Neighbourhoods Harefield Park / Townhill Park (Slippage of £295,000 between 2013/14 and 2015/16)

Bronze Scheme – £700,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status AMBER

Budget RAG Status RED

There have been delays in this programme of works.

The planning for these Decent Neighbourhoods projects was delayed in order to allocate staffing support to the Community Energy Savings Project at International Way where the Council had to meet tight deadlines to secure funding. It is hoped to commence work on the Decent Neighbourhoods projects within the next few months and the Council is still committed to the project with the same budget as before.

HRA 7 – Decent Neighbourhoods Shirley (Slippage of £100,000 between 2013/14 and 2014/15)

Silver Scheme – £2,255,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status AMBER

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

This project was to form the basis for the new Landscape Framework but the number of responses was disappointing. As a result, the Council reviewed the bids received to ensure the best one was still good value for money and that proved to be the case. The project is now anticipated to commence in October once the contract has been finalised.

HRA 8 – Warm and Energy Efficient External Cladding (PRC Houses) (Slippage of £303,000 between 2013/14 and 2014/15)

Bronze Scheme – £612,000 Scheme Budget

Overall RAG Status GREEN

Schedule RAG Status GREEN

Budget RAG Status GREEN

There has been slippage on this programme due to discussions on external funding.

Expenditure has been delayed while negotiations continue on Energy Company Obligation (ECO) funding. This funding would enable the scheme to be integrated with other energy efficiency initiatives.

CORPORATE FINANCIAL & PROJECT ISSUES:

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

HRA 9 - Supported Communal Improvements - Graylings (Forecast adverse £300,000 scheme variance)

Bronze Scheme – £1,572,000 Scheme Budget

Overall RAG Status AMBER

Schedule RAG Status AMBER

Budget RAG Status RED

There is a forecast adverse variance due to the project being expanded beyond its original brief and the project taking longer to deliver.

There is a forecast over spend of £300,000 on this scheme as follows:

- An additional cost of £140,000 is anticipated relating to the contractor's thirteen week extension of time, which was due to the extensive diversion of underground services required for the entrance area and new scooter store. Despite extensive surveys before the project began these services were not identified by initial works or scans.
- Major changes were required to the layout of four dementia flats as a result of issues identified following stripping out work on the structure of the properties, which was not identified on the building plans, at an anticipated additional cost of £100,000.
- The replacement of the warden call system to all of the flats in Beechfield Drive, at an approximate cost of £60,000, wasn't included within the original tender but will provide a comprehensive new Telecare system for the whole site, improving the service for all residents.

Options for funding the over spend within the existing Capital Programme are being considered. Officers are confident that there are enough resources to fund the additional costs that have been identified.

There are no CORPORATE project issues for the Portfolio.