

## **CABINET**

### **DATE OF COMMITTEE**

**14<sup>th</sup> March 2012**

## **REPORT OF THE PORTFOLIO HOLDER FOR QUALITY OF LIFE**

### **HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME – VIREMENT OF BUDGETS AND OUTTURN FORECAST**

#### **EXEMPT INFORMATION**

#### **PURPOSE**

This report sets out the outturn forecast for the housing capital programmes and seeks approval for virements within the budget to address various areas of under and over spends resulting from changes in the programme to meet demands.

The report also identifies an overall overspend across the whole capital programme, caused in the main by having to undertake essential works with a higher than anticipated asbestos removal costs predominately due to changes in legislation in year.

#### **RECOMMENDATIONS**

It is recommended that:

Members note the anticipated housing capital programme outturn.

Members approve the following virements:-

Increase bathroom budget budget by £29,380  
Reduce Electrical Budget by £105,980  
Increase Kitchen Budget by £154,130  
Reduce Roofing Budget by £6,690  
Reduce Structural Budget by £27,000  
Reduce Lift Installation Budget by £22,120  
Reduce External Works Budget by £3,900  
Increase Disabled Adaptations Budget by £72,580  
Increase Insulation Budget by £3,630

Members note the anticipated overspend of £94,030 across the whole budget.

#### **EXECUTIVE SUMMARY**

The housing capital programme is set at the start of each financial year with the purpose of ensuring that all council housing properties are maintained to the governments decent homes standard.

During the course of the year additional items will be identified via routine and responsive repairs work as irreparable and therefore requiring improvement which can have an impact on the overall programme.

In addition to the basic works there is a requirement under Health & Safety law and the Management of Asbestos Regulations to remove asbestos from properties where refurbishment work is being carried out. Late in the 2011/12 financial year the removal of floor tiles containing asbestos came under the licensed removal regulation further increasing the overall cost of asbestos removal.

Asbestos removal and electrical improvement works are seen as a direct overhead and enabler for the other work types (Kitchen/Bathroom/Disabled Adaptations). In 2011/12 the £100,000 budget allocated to asbestos removal was distributed across the various work types in recognition of its status as an overhead. The actual expenditure on asbestos removal was £330,657.

In an effort to complete the programme by the end of February 2012 and ensure that all properties that would otherwise fail to meet the Decent Homes Standard were improved the programme was accelerated by the contractor. After commencing works on a number of properties it was identified that the costs of completing the final batch of properties would exceed the overall budget allocation. Unfortunately as works on site had already commenced it was not possible to suspend works without leaving tenants without facilities and as such works had to progress to completion, this combined with the additional costs associated with asbestos removal has resulted in an overspend across the capital programme of £94,030 (2% of the overall programme).

Efforts have been made to identify as many savings as possible within the remainder of the programme whilst still maintaining the Decent Homes Standard but given that the impact of the accelerated programme only presented itself in the final month of the project it was not possible to identify sufficient savings.

The savings identified will have no impact on achieving the Decent Homes Standards, Electrical works are a direct overhead to the other programmes and so all works have been completed within the completed kitchen and bathroom programmes. The final account for the lift installation at Glenfield is less than initially anticipated as there was no requirement to use the contingency. The structural budget is spent on an ad-hoc basis in response to maintenance enquiries, as the current contractor has now withdrawn from site no further structural works will be issued until the new contracts commence in April 2012.

#### **RESOURCE IMPLICATIONS**

The final account shows an overspend across the programme as a whole of £94,030 (2%), as a result of the overspend will have impact on the minimum capital balance of £500k but this will be reversed in the 2012 / 13 Capital Programme .

#### **LEGAL/RISK IMPLICATIONS BACKGROUND**

The report identifies the proposed final account for all projects; all works with the exception of gas installations are now complete and it is not anticipated that this final account sum will change.

#### **SUSTAINABILITY IMPLICATIONS**

None

#### **BACKGROUND INFORMATION**

#### **REPORT AUTHOR**

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#### **LIST OF BACKGROUND PAPERS**

#### **APPENDICES**

Capital Report detailing anticipated outturn.