

<b>Report of:</b>	<b>Head of Housing and Waste Management</b>
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<b>Portfolio Leader:</b>	<b>Housing</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet: 20/11/14</b>

**CABINET**  
**20 NOVEMBER 2014**  
**REVIEW OF THE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**  
**2014-2015**

**1 Purpose of Report**

- 1.1 To review in accordance with the Council's agreed Capital Expenditure Control Procedures and Financial Regulations, the 2014-2015 Housing Revenue Account (HRA) Capital Programme in the light of current expenditure and other estimated changes in expenditure and available resources.

**2 Recommendations**

- 2.1 That the position regarding the estimated availability of Housing Revenue Account Capital resources set out in Appendix 1 be noted.
- 2.2 That the position regarding actual and estimated expenditure in respect of the 2014-2015 Housing Revenue Account Capital Programme as set out in Appendix 2 be noted and approval be given to incur £195,000 of additional scheme costs, met through the virement of existing resources, in respect of the following schemes;-
- |      |                                  |          |
|------|----------------------------------|----------|
| (i)  | External and Environmental Works | £170,000 |
| (ii) | Asbestos Testing and Removal     | £ 25,000 |
- 2.3 That the position regarding uncommitted Housing Revenue Account capital resources be noted.
- 2.4 That the action taken by the Head of Housing and Waste Management, following consultation with the Housing Portfolio Leader regarding the extension of the 2014-15 Window Refurbishment Programme, is confirmed.

- 2.5 That subject to the concurrence of the scrutiny committee the window refurbishment and double-glazing dwelling output target within the 2014-15 "Place" Priority Delivery Plan is revised to 1020 dwellings.

### **3 Key Issues and Reasons for Recommendation**

- 3.1 This report presents the quarter two review of the 2014-2015 HRA Capital Programme.
- 3.2 Estimated available resources in 2014-2015 are now forecast to be £17,610,418. This compares to £16,923,628 when the programme was renewed by Cabinet on 17 July 2014. The reasons for the increase of £686,790 are detailed in Appendix 3.
- 3.3 Estimated expenditure in respect of the 2014-15 HRA capital programme is now estimated to be £11,460,290. This compares to £13,544,290 when the programme was reviewed by Cabinet on 17 July 2014. The reasons for the decrease of £2,084,000 are detailed in Appendix 4 and relate primarily to budget savings and the re-profiling of expenditure following the receipt of tenders for the Moss Road Estate Reema Flats Redevelopment scheme.
- 3.4 Following the financing of the estimated 2014-15 HRA capital programme, it is now estimated that £6,150,128 of uncommitted resources are available. This compares to the estimate of £3,379,338 when the programme was renewed on 17 July 2014, an increase of £2,770,790. Unless required during 2014-15 these resources will be carried forward to assist in financing the HRA capital programme for 2015-16 and future years.
- 3.5 The contingency sums within the 2014-15 window refurbishment budget are unlikely to be required during the current year. As a result and following consultation with the Housing Portfolio Leader the estimate of budget savings have been used to bring forward 100 dwelling from the 2015-16 programme, in order that they benefit from double glazing in the current financial year. Confirmation of action is therefore requested.
- 3.6 The extension of the 2014-15 window refurbishment programme will impact on the dwelling outputs included in the 2014-15 "Place" Priority Delivery Plan. It is therefore proposed that the target is increased to 1020 dwellings.

### **4 Relationship to Corporate Priorities**

- 4.1 The implementation of the 2014-2015 HRA Capital Programme contributes to the service aim to "maintain and improve the facilities and energy efficiency of the Council's housing stock" which forms part of the 2014-2015 "Place" Priority Delivery Plan. Specific targets for dwelling improvements are also included within the Priority Delivery Plan as set out in paragraph 5.6.

**5 Report Detail**

- 5.1 The 2014-2015 HRA Capital Programme was determined by Council on 12 February 2014 and was subsequently reviewed by Cabinet on 17 July 2014.
- 5.2 The programme has been reviewed again at the end of the second quarter. A revised estimate of 2014-2015 capital resource availability is presented as Appendix 1, whilst details of the actual and estimated expenditure in 2014-2015 are presented as Appendix 2.
- 5.3 The changes since the last report considered by Cabinet on 17 July 2014 in relation to both estimated available resources and estimated expenditure is summarised below:-

Estimated Position 17 July 2014

	£	£
Resources available		16,923,628
Less Estimated expenditure		13,544,290
		-----
Resources carried forward (July 2014)		(A) 3,379,338
		-----

Net Changes in Resources

(i) Energy Efficiency Obligation Monies (Appendix 3)	213,210 (-)	
(ii) Transfer from Reserves (Appendix 3)	120,000 (+)	
(iii) Affordable Housing Grant (Appendix 3)	780,000 (+)	
		-----
		(B) 686,790 (+)
		-----

Net Changes in Expenditure

(i) Budget Savings (Appendix 4)	1,576,000 (+)	
(ii) Additional Scheme Costs (Appendix 4)	195,000 (-)	
(iii) Additional Authorised Expenditure (Appendix 4)	24,000 (-)	
(iv) Slippage in scheme costs 2014-2015 to 2015-2016 (Appendix 4)	923,000 (+)	
(v) Expenditure brought forward from 2015-2016 to 2014-2015	220,000 (-)	
(vi) Adjustments to the 2014-2015 contingency reserve	24,000 (+)	
		-----
		(C) 2,084,000 (+)
		-----

Resources carried forward (20 November 2014)  
(A)+(B)+(C)

6,150,128

- 5.4 Whilst actual expenditure of £3,793,511(33%) appears low against the revised expenditure target of £11,460,290, it does not fully reflect the work that has been undertaken on site and will gain momentum as stage payments progress throughout the financial year.
- 5.5 The contingency sums within the 2014-15 window refurbishment budget are unlikely to be required during the current financial year. As a result and following consultation with the Housing Portfolio Leader the estimated budget savings have been used to bring forward 100 dwellings from the 2015-16 programme, in order that they benefit from double glazing during the current financial year. Confirmation of action is therefore requested.
- 5.6 Details of the progress in achieving the target outputs (in terms of dwelling improvements) which will result from the implementation of the 2014-2015 HRA Capital Programme are set out in the table below. The extension of the 2014-15 window refurbishment programme, will result in increased dwelling outputs (as set out in the table below) and it is therefore necessary to amend the 2014-15 "Place" Priority Delivery Plan accordingly.

	<b>Scheme</b>	<b>Target Outputs July 2014</b>	<b>Target Outputs September 2014</b>	<b>Actual Outputs (30 September 2014)</b>	<b>%</b>
(a)	External and Environmental Works	830	830	297	35.8
(b)	Central Heating	255	255	162	63.5
(c)	Replacement of Kitchens	90	90	33	36.6
(d)	Replacement of Bathrooms	310	310	163	52.5
(e)	Electrical Upgrading	510	510	320	62.7
(f)	Double glazing and window refurbishment	920	1020	720	70.6

**6 Implications****6.1 Financial**

The financial implications are set out throughout the report.

**6.2 Legal**

The legal implications are set out throughout the report.

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

The External and Environmental works programme includes improvements to areas of communal open space which has positive implications for the prevention of crime and anti-social behaviour.

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

There are a number of risks associated with the management of the HRA Capital Programme. The Council's agreed Capital Expenditure Control Procedures seek to minimise these risks and include the provision of quarterly monitoring reports to Cabinet.

**6.8 Equality & Diversity**

This report presents a review of the agreed 2014-2015 HRA Capital Programme and as such does not require a full Equality Impact Assessment as these were undertaken (as part of the HRA Business Plan) when the agreed programme was determined.

**6.9 Best Value**

None

**7 Appendices to the Report**

Appendix 1	HRA Capital Resources 2014-2015
Appendix 2	HRA Expenditure 2014-2015
Appendix 3	2014-2015 HRA Capital Programme – Resource Variations
Appendix 4	2014-2015 HRA Capital Programme – Expenditure Variations

**Previous Consideration**

Housing Revenue Account Capital Programmes 2014-2015 to 2016-2017	Cabinet	30 January 2014 (agreed by Council 12 February 2014)
Housing Revenue Account Capital Programmes 2013-14 and 2014-15	Cabinet	17 July 2014
Council Housing Estate Car Parking Problems – Provision of Dropped Kerbs	Cabinet	17 July 2014
Removal of Supporting People Grants by Staffordshire County Council	Cabinet	17 July 2014
St Michaels Drive, Brereton – Service Roads and Former Garage Site	Cabinet	21 August 2014

**Background Papers**

**ITEM NO. 7.**



HOUSING REVENUE ACCOUNT CAPITAL RESOURCES 2014-2015

	<b>February 2014 £</b>	<b>July 2014 £</b>	<b>September 2014 £</b>	<b>Variance £</b>
Resources B/F	3,929,024	3,875,108	3,875,108	0
Borrowing	3,022,000	3,022,000	3,022,000	0
RTB Sales (Allowable Attributable Debt)	300,000	300,000	300,000	0
Capital Receipts Sale of Land	50,000	50,000	50,000	0
Revenue Contributions to Capital Outlay	4,541,000	4,541,000	4,541,000	0
Major Repairs Allowance	3,203,000	3,053,000	3,053,000	0
Energy Efficiency Obligation Monies	1,299,000	1,550,520	1,337,310	(213,210)
Transfer from Reserves (i) IT Reserve (ii) Social Alarms Reserve	440,000 0	440,000 0	440,000 120,000	0 120,000
Renewal Heat Premium Payment Grant	26,000	26,000	26,000	0
Affordable Housing Grant	176,000	66,000	846,000	780,000
Resources Available	16,546,024	16,923,628	17,610,418	686,790
Less Committed Expenditure (HRA Schemes)	12,966,000	13,544,290	11,460,290	(2,084,000)
Resources Carried Forward	3,580,024	3,379,338	6,150,128	2,770,790

HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE 2014-2015

Scheme Detail	2014-15 Programme Feb 14 £	2014-15 Programme Jul 14 £	2014-15 Programme Actual Sept 14 £	2014-15 Programme Sept 14 £	2014-15 Variance £
<b><u>SUMMARY – HOUSING</u></b>					
Enabling Role	3,500,000	3,941,890	196,466	1,442,890	(2,499,000)
Mandatory Expenditure	496,000	499,910	147,487	499,910	0
Improvements	3,058,000	3,159,850	879,152	3,159,850	0
Enhancements	5,912,000	5,942,640	2,570,405	6,357,640	415,000
<b>TOTAL</b>	<b>12,966,000</b>	<b>13,544,290</b>	<b>3,793,510</b>	<b>11,460,290</b>	<b>(2,084,000)</b>

Scheme Detail	2014-15 Programme Feb 14 £	2014-15 Programme Jul 14 £	2014-15 Programme Actual Sept 14 £	2014-15 Programme Sept 14 £	2014-15 Variance £
<b><u>ENABLING ROLE</u></b>					
Demolition of Garages	20,000	20,000	0	20,000	0
Redevelopment of PRC Dwellings (Reema Flats Moss Road Estate)	100,000	177,890	107,817	177,890	0
Repurchase of Vacant former Council Dwellings	840,000	764,000	4,273	500,000	(264,000)
Housing Management System	0	440,000	84,376	440,000	0
Provision of Additional Council Houses	2,540,000	2,540,000	0	305,000	(2,235,000)
<b>TOTAL</b>	<b>3,500,000</b>	<b>3,941,890</b>	<b>196,466</b>	<b>1,442,890</b>	<b>(2,499,000)</b>

Scheme Detail	2014-15 Programme Feb 14 £	2014-15 Programme Jul 14 £	2014-15 Programme Actual Sept 14 £	2014-15 Programme Sept 14 £	2014-15 Variance £
<b><u>MANDATORY EXEPNDITURE</u></b>					
Disabled Facilities Works – Council Dwellings	491,000	494,910	147,487	494,910	0
Right to Compensation – Tenants improvements	5,000	5,000	0	5,000	0
<b>TOTAL</b>	<b>496,000</b>	<b>499,910</b>	<b>147,487</b>	<b>499,910</b>	<b>0</b>

Scheme Detail	2014-15 Programme Feb 14 £	2014-15 Programme Jul 14 £	2014-15 Programme Actual Sept 14 £	2014-15 Programme Sept 14 £	2014-15 Variance £
<b><u>IMPROVEMENTS</u></b>					
Replacement of Kitchens	463,000	463,000	133,977	463,000	0
Bathroom Replacement	1,203,000	1,203,000	369,049	1,203,000	0
Central Heating Upgrades	892,000	933,850	346,188	933,850	0
Void Properties – Decent Homes	500,000	500,000	29,937	500,000	0
Structural Reinstatement of PRC Dwellings	0	60,000	0	60,000	0
<b>TOTAL</b>	<b>3,058,000</b>	<b>3,159,850</b>	<b>879,151</b>	<b>3,159,850</b>	<b>0</b>

Scheme Detail	2014-15 Programme Feb 14 £	2014-15 Programme Jul 14 £	2014-15 Programme Actual Sept 14 £	2014-15 Programme Sept 14 £	2014-15 Variance £
<b><u>IMPROVEMENTS</u></b>					
Upgrading of Electrical Systems	597,000	645,310	262,317	645,310	0
External and Environmental Works	3,599,000	3,659,000	1,510,216	3,829,000	170,000
Asbestos Testing and Removal	75,000	75,000	54,072	100,000	25,000
Contingency for Unforeseen Works	100,000	100,000	0	76,000	(24,000)
Replacement of Housing Service Vehicles	209,000	245,020	39,890	245,020	0
Provision of Double Glazing	1,332,000	1,164,310	703,910	1,164,310	0
Replacement of Fire Alarms (Sheltered)	0	40,000	0	40,000	0
Replacement of Social Alarms	0	0	0	120,000	120,000
Provision of Dropped Kerbs	0	14,000	0	114,000	100,000
Resurfacing of Service Roads	0	0	0	24,000	24,000
<b>TOTAL</b>	<b>5,912,000</b>	<b>5,942,640</b>	<b>2,570,405</b>	<b>6,357,640</b>	<b>415,000</b>

2014-2015 HRA CAPITAL PROGRAMME  
RESOURCE VARIATIONS

1. Additional Resources

	<u>Resource</u>	<u>Increase</u>	<u>Reason</u>
1.1	Affordable Housing Grant	£780,000	Additional resources as a result of a successful bid for £1,472,000 of Affordable Housing Grant from the Homes and Communities Agency. (As reported to Cabinet on (21 August 2014) An initial claim of £780,000 is programmed for 2014-2015 as a result of a start on site for the Moss Road Reema Flats redevelopment scheme.
1.2	Transfer from Reserves	£120,000	Transfer of £120,000 from the social alarms reserve to meet the commencement of the replacement of the existing hard wired alarm systems with dispersed alarms.
		_____	
		£900,000	
		_____	

2. Reduction in Resources

	<u>Resource</u>	<u>Reduction</u>	<u>Reason</u>
2.1	Energy Efficiency Obligation monies	£213,210	Estimated reduction in resources as a result of the actual calculation of carbon savings being lower than estimated.
		_____	
		£213,210	
		_____	

2014-2015 HRA CAPITAL PROGRAMME – EXPENDITURE VARIATIONS1 Budget Savings

	<u>Scheme</u>	<u>Budget Saving</u>	<u>Reason</u>
1.1	Provision of additional Council houses	£1,576,000	Estimated budget savings in respect of the Moss Road Reema Flats Redevelopment Scheme following the acceptance of the tender from Keepmoat Homes
		-----	
		£1,576,000	
		-----	

2 Additional scheme costs

	<u>Scheme</u>	<u>Additional Scheme Cost</u>	<u>Reason</u>
2.1	External and Environmental Works	£170,000	Additional works in relation to chimney and roof repairs and the need to replace the door canopies to the Princess Street bungalows.
2.2	Asbestos Testing and Removal	£25,000	Additional need for asbestos testing and removal work during 2014-15
		-----	
		£195,000	
		-----	

3 Additional Authorised Expenditure

	<u>Scheme</u>	<u>Additional Authorised Expenditure</u>	<u>Reason</u>
3.1	Resurfacing of service roads	£24,000	Resurfacing of the service roads to the shops and flats at St Michaels Drive, Brereton. (As agreed by Cabinet 21 August 2014)
		-----	
		£24,000	
		-----	

4 Slippage in scheme costs 2014-2015 to 2015-2016

	<u>Scheme</u>	<u>Slippage in scheme costs</u>	<u>Reason</u>
4.1	Provision of additional Council houses	£659,000	Re-profiling of expenditure programme in relation to the Moss Road Redevelopment Scheme following the acceptance of the tender from Keepmoat Homes
4.2	Re-purchase of vacant former Council dwellings	£264,000	Re-purchase programme unlikely to be completed during 2014-15 due to the availability of suitable properties.
		-----	
		£923,000	
		-----	



5 Expenditure brought forward  
2015-16 to 2014-15

	<u>Scheme</u>	<u>Expenditure brought forward</u>	<u>Reason</u>
5.1	Provision of dropped kerbs	£100,000	Expenditure in relation to the 2015-2016 "Future Enhancements" budget brought forward to 2014-2015 to fund a dropped kerb scheme (As agreed by Cabinet 17 July 2014)
5.2	Replacement of Social Alarms	£120,000	Expenditure to commence the replacement of the existing hard wired alarm systems with dispersed alarms brought forward from 2015-2016
		£220,000	

6 Adjustments to the 2014-2015  
Contingency Reserve

	<u>Scheme</u>	<u>Contingency Reserve Adjustment</u>	<u>Reason</u>
6.1	Contingency Reserve	(£24,000)	Funding for the resurfacing of the service roads to the shops and flats at St Michaels Drive, Brereton (As agreed by Cabinet 21 August 2014)
		(£24,000)	