

Report of:	Head of Finance and Head of Housing and Partnerships
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Key Decision:	No
Report Track:	Cabinet: 07/02/19 Council: 20/02/19

**CABINET
7 FEBRUARY 2019
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2018-19 TO 2022-23**

1 Purpose of Report

- 1.1 To review the 2018-19 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2018-19 to 2022-23.
- 1.3 To present an updated four year Housing Revenue Account Capital Programme for consideration by Council on 20 February 2019.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2018-19 to 2022-23 (as set out in Appendix 1) be noted.
- 2.2 That Council, on 20 February 2019, is recommended to approve the four year Housing Revenue Account Capital Programme for the period 2019-20 to 2022-23 (as set out in Appendix 2).

3 Key Issues and Reasons for Recommendation

Key Issues

- 3.1 This report considers the draft proposed four year HRA Capital Programme for the period 2019-20 to 2022-23, together with the forecast outturn for 2018-19, compiled within the financial framework provided by the Approved HRA Business Plan.

- 3.2 Details of the estimated availability of HRA capital resources during the five year period are set out in Appendix 1, whilst a five year HRA Capital Programme is set out in Appendix 2.
- 3.3 The Capital Programme is an interim programme awaiting the determination of an Housing Investment Strategy. The programme, as approved in 2018-19, includes an allocation of £12million for new social housing. This has been enhanced by the transfer of £0.929 million of resources from the General Fund Capital programme in relation to Affordable Housing provision.
- 3.4 A Strategy, based upon an options appraisal, to increase social housing based upon the housing needs of the district and land availability is currently being developed. In addition to the 5 year Investment fund for social housing the Strategy will reflect the opportunities arising from the removal of the borrowing cap for the HRA.

Reasons for recommendation

- 3.5 That Cabinet are required to propose a budget in relation to the HRA Capital Programme for submission to Council on the 20 February.

4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets would contribute to the following strategic objectives, which form part of the Housing Portfolio section within the 2018-19 “More and Better Housing” Priority Delivery Plan, i.e.
- (i) Increase the supply of affordable housing.
 - (ii) Improving the Council’s social housing stock.

5 Report Detail

- 5.1 Cabinet on 10 December 2015 approved a revised Housing Revenue Account Business Plan for the continued implementation of the devolved HRA “self financing system “ that covered the five year period 2015-16 to 2019-20.
- 5.2 A new 30 year business plan was held in abeyance pending the details of the High Value Payment Levy being published and its impact determined. However a medium term (5 year) capital programme was approved as part of the 2018-19 budget enabling an Interim Investment Strategy to be put in place. The Strategy enabled a £12 million Investment Fund for the delivery of new social housing to be created based upon a prudent Balanced Revenue Budget. In particular the provision for void levels had been maintained at 2% to mitigate the potential revenue impact of the High Value Payment levy.
- 5.3 The recommendations as contained in the initial 30 Year Business Plan report above provided a Balanced Budget to 2019-20 and provided the financial framework to present Cabinet with capital programme budgets for the period 2018-19 to 2022-23.

- 5.4 As detailed in the HRA Revenue Budget Report the High Value Levy proposal has been abandoned and hence a new 30 year Business Plan is required that takes into account:
- The Governments Future Rent policy
 - An updated Stock Condition Survey
 - New Build Strategy (including the removal of the borrowing cap on the HRA).
- 5.5 The new build strategy had been limited by a cap on borrowing as determined by debt arising from the 2012 Self Financing Settlement, as amended by supported borrowing permissions from the Government. However the Government removed this cap on the 29 October 2018 via “The Limits on Indebtedness (Revocation) Determination 2018 “.Borrowing is however restricted in accordance with the Prudential Code for Capital Finance whereby borrowing needs to be prudent, affordable and sustainable.
- 5.6 The development of a new 30 Year Business will determine the scope for new social housing in addition to the £12.9 million investment fund.
- 5.7 This report therefore provides only a refresh of the existing five year HRA Capital Programme as approved by Council on 7 February 2018.

Estimated Availability of HRA Capital Resources

- 5.8 Details of the estimated availability of HRA capital resources for the period 2018-19 to 2022-23 are set out in Appendix 1. These are in accordance with the assumptions in the Business Plan with subsequent adjustments to reflect:-
- (i) The anticipated outturn in respect of the 2018-19 HRA Capital Programme;
 - (ii) Amendments to the revenue contribution to capital outlay following the detailed budget formulation work in respect of the Housing Revenue Account.
- 5.9 No material changes arise in relation to the 2018-19 capital programme, subject to certain expenditure slipping into 2019-20 and increased demand for Disabled Facility Grants. The 2018-19 budget includes additional resources of for DFG’s amounting to £0.150 million with a total additional allocation of £0.832 million over the remaining 4 years of the programme.

Whereas the 2019-20 programme seeks an additional £0.319 million as compared to the original five year programme.

- 5.10 The HRA Revenue Budget, included elsewhere on the Agenda, includes the following Revenue Contributions to Capital Outlay during the three year programme period, with figures extrapolated to 2022-23:-

<u>2018-19</u> £'000	<u>2019-20</u> £'000	<u>2020-21</u> £'000	<u>2021-22</u> £'000	<u>2022-23</u> £'000
4,616	3,895	3,707	3,827	3,390

5.11 The increase in Revenue Contribution to Capital Outlay and other minor variations results in Available Capital resources as at 31 March 2023 amounting to £0.872 million an increase of £0.432 million as compared to the Interim Business Plan.

HRA Capital Programme 2018-19 to 2022-23

5.12 A proposed HRA Capital Programme for 2019-20 to 2022-23, together with the forecast outturn for 2018-19 is set out in Appendix 2. This is in accordance with the capital expenditure programme within the revised Business Plan with subsequent adjustments to account for the anticipated outturn in respect of, the 2018-19 HRA Capital Programme.

5.13 The proposed programme will deliver:-

- (i) The continuation of the following planned maintenance programmes:-
 - * External and Environmental Works
 - * Kitchen and bathroom replacement.
 - * Electrical upgrading.
 - * Central heating upgrading.
 - * Window refurbishment and double glazing programme
- (ii) The provision of Council houses.

5.14 Details of the dwelling outputs (in terms of completions) which will result from the implementation of the proposed HRA Capital Programme are set out below. Details for 2021-22 and 2022-23 will be provided following the outcome of the stock Condition Survey to be undertaken in 2018-19:-

Table 1: Number of completions 2018-19 to 2020-21				
	<u>Number of Dwellings</u>			
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Total</u>
External and Environmental Works	725	700	890	2,315
Kitchen Replacement	45	90	90	225
Bathroom Replacement	120	75	90	285
Central Heating Improvements	400	470	400	1,270
Electrical Upgrades	500	500	500	1,500
Window Refurbishment and Double Glazing	20			20
Provision of additional Council Dwellings	28			28
Fire Assessments	50	50	50	150

6 Implications**6.1 Financial**

The financial implications have been referred to throughout the report.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Section 17 (Crime Prevention)

The proposed four year HRA Capital Programme 2019-20 to 2022-23 includes a number of schemes to reduce anti-social behaviour, including environmental and fencing improvements as part of the proposed External and Environmental Works Programme.

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

There are a number of risks associated with the inadequate management of the HRA Capital Programme. These risks are minimised by the Council's agreed Capital Expenditure Control Procedures which includes a requirement for regular monitoring including quarterly reports to Cabinet.

6.8 Equality & Diversity

The revised HRA Business Plan has been subject to an Equality Impact Assessment (EIA). As the proposed HRA Capital Programme for the period 2019-20 to 2022-23 has been formulated in accordance with the revised Business Plan, the Business Plan EIA also applies to the proposed four year Capital Programme.

The outcome of the Business Plan EIA is that it would have a positive impact for certain of the protected characteristics with no identified negative implications.

6.9 Best Value

None

7 Appendices to the Report

Appendix 1: Estimated Housing Revenue Capital Resources 2018-19 to 2022-23

Appendix 2: Housing Revenue Account Capital Programme 2018-19 to 2022-23

Previous Consideration

Interim Housing Revenue Account Business Plan Review Cabinet 10 December, 2015

Background Papers

None.

ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL RESOURCES 2018-19 TO 2022-23

<u>Resource</u>	<u>2018-19</u> £000's	<u>2019-20</u> £000's	<u>2020-21</u> £000's	<u>2021-22</u> £000's	<u>2022-23</u> £000's	<u>Capital</u> <u>Programme</u>
Resources Brought Forward	3,449	5,533	9,163	10,484	12,254	13,801
Borrowing	1,015	3,022				
RTB Sales (Allowable Attributable Debt)	390	390	390	390	390	
Section 106 monies						
Capital Receipts Other	180	193	156	178	144	
Revenue Contributions to Capital Outlay	4,616	3,895	3,707	3,827	3,390	
Major Repairs Allowance	3,071	3,178	3,241	3,309	3,429	
GBS LEP	315	105				
Transfer from Reserves:	91					
Affordable Housing Grant	88	32				
Total New Resources	9,766	10,815	7,494	7,704	7,353	0
Total Capital Resources	13,215	16,348	16,657	18,188	19,607	13,801
<u>Less Proposed Expenditure</u>	7,682	7,185	6,173	5,934	5,806	12,929
Agreed resources carried forward	5,533	9,163	10,484	12,254	13,801	872

ITEM NO. 8.

APPENDIX 2**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**
2018-19 TO 2022-23

<u>Scheme</u>	<u>Estimated Expenditure</u>					<u>Cap Prog</u>
	<u>18-19</u> <u>£000's</u>	<u>19-20</u> <u>£000's</u>	<u>20-21</u> <u>£000's</u>	<u>21-22</u> <u>£000's</u>	<u>22-23</u> <u>£000's</u>	
Demolition of Garages	89	20	20	20	20	
Moss Road	411					
Development of Former Garage Sites	1,240	371				
Disabled Facilities Works	539	715	650	550	550	
Right to Compensation (Tenants Improvements)	0	5	5	5	5	
Replacement of Kitchens	458	718	709	719	728	
Replacement of Bathrooms	574	386	450	456	462	
Replacement of Central Heating	1,335	1,671	1,451	1,407	1,359	
Void Properties	344	355	365	376	387	
External and Environmental Works	1,711	1,664	1,664	1,452	1,480	
Provision of Double Glazing	50					
Replacement of Social Alarms	40	51				
Upgrading of Electrical Systems	597	575	581	586	593	
Asbestos Testing and Removal	86	89	91	94	97	
Provision of Proposed Kerbs	9					
Resurfacing of Driveways		211				
Replacement of Housing Service Vehicles	194	236	67	147		
Contingency for unforeseen works	0	113	115	117	120	
Fire assessments	5	5	5	5	5	
Future Enhancements						
New Build						12,929
TOTAL:	7,682	7,185	6,173	5,934	5,806	12,929