

CANNOCK CHASE DISTRICT COUNCIL

CABINET

21 FEBRUARY, 2008

JOINT REPORT OF THE DIRECTOR OF SERVICE IMPROVEMENT  
AND THE DIRECTOR OF GOVERNANCE

PORTFOLIO LEADER: LEADER OF COUNCIL

HOUSING CAPITAL RESOURCES AND HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE  
REQUIREMENTS 2008-09 to 2010-11

1. Purpose of Report

- 1.1 To consider the estimated availability of housing capital resources and the requirements for Housing Revenue Account (HRA) capital expenditure during the period 2008-09 to 2010-11.
- 1.2 To recommend a proposed three-year HRA Capital Programme for 2008-09, 2009-10 and 2010-11 for consideration by Council on 27 February, 2008.

2. Recommendations

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| <ol style="list-style-type: none"><li>2.1 That Council be recommended to note the position regarding estimated housing capital resources and HRA capital expenditure requirements for the period 2008-09 to 2010-11 as set out in Annex 1 and Annex 2.</li><li>2.2 That Cabinet consider a proposed HRA Capital Programme for 2008-09, 2009-10 and 2010-11 for recommendation to Council on 27 February, 2008.</li></ol> |
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3. Key Issues

- 3.1 Estimates of housing capital resources and HRA capital expenditure requirements for the period 2008-09 to 2010-11 show:-
  - (a) Estimated housing capital resources to be £25,093,000 as detailed in Annex 1
  - (b) Estimated HRA capital expenditure requirements to be £23,968,000 as detailed in Annex 2.
- 3.2 Whilst on an estimated £1,125,000 of resources are potentially uncommitted, it is necessary to carry these resources forward into 2011-12 to ensure that the Council is able to maintain the decent homes standard during this period.

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**Section 1**

**1. Background**

- 1.1 It is Council's policy to formulate a rolling three-year HRA Capital programme and this report considers capital resource availability and capital expenditure requirements for the period 2008-09 to 2010-11.
- 1.2 A review of the 2008-09 HRA Capital Programme is presented as part of a separate report ('Housing Revenue Account and Housing Revenue Account Capital Programme Review 2008-09') elsewhere on your agenda. It is estimated that following the delivery of the 2007-08 HRA Capital Programme that £3,236,280 of resources will be available for use in 2008-09 and future years.

**Section 2**

**2. Estimated HRA Capital Resources 2008-09 to 2010-11**

- 2.1 Details of estimated HRA capital resource availability are presented as Annex 1 and assume:
- (a) The continuation of the Government's existing policies and expenditure plans with regard to supported capital expenditure, useable capital receipts and major repairs allowance.
  - (b) The continued disposal of certain one bedroom bungalows until 2014 and the use of part of the resultant receipt to provide a grant to a Registered Social Landlord to assist in the provision of a replacement dwelling.
  - (c) The agreed transfer of certain housing capital resources to the General Fund to meet other strategic housing priorities as determined by Council on 27 September, 2006.
  - (d) The transfer of any revenue surplus above the minimum amount required in working balances as a Revenue Contribution to Capital Outlay.
- 2.2 The total amount of HRA capital resources which are estimated to be available for the period is £25,093,000.

**Section 3**

**3. Estimated HRA Capital Expenditure Requirements 2008-09 to 2010-11**

- 3.1 An estimate of the HRA capital expenditure requirements to meet and maintain the decent homes standard for the period 2008-09 to 2010-11 is presented as Annex 2
- 3.2 The estimates are based on:-
- (a) The implementation of decent homes improvement works in accordance with the specifications agreed by Council on 23 November, 2005 as amended by Council on 28 February, 2007

- (b) The implementation of a strategy of clearance and redevelopment for the majority of the Council's PRC dwellings as agreed by Cabinet on 1 December, 2005.

(Note: following the decision of Council on 28 February, 2008 to review this strategy in respect of the Moss Estate and the Rowley Close area, the results of an options appraisal will be considered by Cabinet in March 2008.)

- 3.3 The total HRA expenditure requirement for the period is estimated to be £23,968,000.

#### Section 4

#### 4. Estimated Resource Availability and Estimated Expenditure Requirements Compared

- 4.1 A comparison of estimated resource availability with estimated HRA expenditure requirements for the period 2008-09 to 2010-11 is presented below:-

	£
(a) Estimated Available Resources	25,093,000
(b) Estimated Expenditure Requirements	23,968,000
Uncommitted Resources	<u>1,125,000</u>

- 4.2 Whilst an estimated £1,125,000 of resources are potentially uncommitted within the three year programme period, it is necessary to carry these resources forward into 2011-12 to ensure that the Council can continue to maintain the decent homes standard during this period.

#### Section 5

#### 5. Contribution to CHASE

- 5.1 The implementation of HRA capital programmes during the period 2008-09 to 2010-11 would contribute to the Healthier Communities, Housing and Older People objective of CHASE by ensuring that the Council's housing stock meets and is then maintained to the decent homes standard.

#### Section 6

#### 6. Section 17 (Crime Prevention) Implications

- 6.1 There are no identified Section 17 (Crime Prevention) implications associated with this report.

#### Section 7

#### 7. Human Rights Act Implications

- 7.1 There are no identified Human Rights Act implications associated with this report.

#### Section 8

#### 8. Data Protection Implications

8.1 There are no identified Data Protection Act implications associated with this report.

**Section 9**

**9. Risk Management Implications**

9.1 There are also a number of risks associated with the delivery of the three-year HRA Capital Programme, which include:

- (a) Uncertainties regarding the generation of capital resources, particularly capital receipts from the sale of Council dwellings
- (b) Potential delays regarding the financial year when capital receipts from agreed land sales will be received
- (c) Potential delays in implementing agreed schemes on site as a result of tenant refusals, delays in utility suppliers providing the necessary connections, inclement weather conditions and skill shortages in the building industry.

9.2 As a result:-

- (a) Expenditure in respect of the agreed HRA Capital Programme could exceed estimated resources, thus placing the Council in ultra vires position:  
  
or
- (b) The agreed expenditure targets may not be met as a result of slippage in respect of agreed schemes.

The Council's agreed Capital Expenditure Control Procedures seek to minimise the risks identified above, through regular monitoring of both available housing capital resources and actual and forecast expenditure, which include quarterly reports to Council.

**Section 10**

**10. Legal Implications**

10.1 The legal implications are set out throughout the report including the requirements for the Council to set a balanced budget.

**Section 11**

**11. Financial Implications**

11.1 The financial implications have been referred to throughout the report.

**Section 12**

**12. Human Resource Implications**

12.1 Provision for "internal fees" to meet the cost of employees who are engaged in the delivery of the HRA Capital Programme are included within the estimated HRA expenditure requirements as detailed in Annex 2.

Section 13

13. Conclusions

- 13.1 Available capital resources for the period 2008-09 to 2010-11 are estimated to be £25,093,000; whilst the expenditure requirement for the same period is estimated to be £23,968,000.
- 13.2 An estimated £1,125,000 of resources are potentially uncommitted within the three-year programme period. However, it is necessary to carry these resources forward into 2011-12 to ensure that the Council is able to maintain the decent homes standard during this period.

14. Annexes

Annex 1 – Estimated Housing Capital Resources 2008-09 to 2010-11

Annex 2 – HRA Capital Programme – Estimated Expenditure Requirements 2008-09 to 2010-11

ANNEX 1Estimated Housing Capital Resources 2008-09 to 2010-11

<u>Estimated Housing Capital Resources 2008-09 to 2010-11</u>	<u>Budget</u> <u>2008-09</u> <u>£000's</u>	<u>Budget</u> <u>2009-10</u> <u>£000's</u>	<u>Budget</u> <u>2010-11</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
Resources bought forward from 2007-08	3,236			3,236
Supported Capital Borrowing	420	420	420	1,260
Capital Receipts (Right to Buy)	1,002	1,219	1,304	3,525
Capital Receipts (Vacant Bungalows)	2,250	2,250	1,500	6,000
Capital Receipts (Sale of Land)	3,825	395	705	4,925
Major Repairs Allowance	3,187	3,220	3,211	9,618
Revenue Contribution to Capital Outlay	1,140	1,010	706	2,856
Energy Efficiency Monies	50	50	50	150
Sub Total	15,110	8,564	7,896	31,570
<u>Less Contributions to the General Fund Capital Programme</u>				
(a) Strategic Housing Priorities	(823)	(827)	(827)	(2,477)
(b) Improving the mix of the Social Housing Stock	(1,500)	(1,500)	(1,000)	(4,000)
Sub Total	(2,323)	(2,327)	(1,827)	(6,477)
Available Resources	12,787	6,237	6,069	25,093

ANNEX 2HRA Capital Programme – Estimated Expenditure Requirements 2008-09 to 2010-11

	<u>Budget</u> <u>2008-09</u> <u>£000's</u>	<u>Budget</u> <u>2009-10</u> <u>£000's</u>	<u>Budget</u> <u>2010-11</u> <u>£000's</u>	<u>Total</u> <u>£000's</u>
Kitchen And Bathroom Replacement	3,100	3,050	1,838	7,988
Central Heating Replacement	1,415	1,440	1,020	3,875
Electrical Upgrading	464	478	492	1,434
External Envelope Works	2,438	2,505	2,573	7,516
Disabled Facilities Works	340	350	360	1,050
Void Properties (Decent Homes)	400	410	295	1,105
Bevan Lee Redevelopment	295	75	-	370
PRC Dwellings (Reinstatement)	41	-	-	41
PRC Dwelling (Redevelopment)	257	257	-	514
Demolition Of Garages	20	20	20	60
Right To Compensations (Tenants Improvements)	5	5	5	15
Total	8,775	8,590	6,603	23,968