

| | |
|--------------------------|---|
| Report of: | Head of Finance and Head of Housing and Waste Management |
| Contact Officer: | Bob Kean Nirmal Samrai |
| Telephone No: | 01543 464334 01543 464210 |
| Portfolio Leader: | Housing |
| Key Decision: | No |
| Report Track: | Cabinet: 19/01/17 Council: 08/02/17 |

**CABINET
19 JANUARY 2017
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2016-17 TO 2019-20**

1 Purpose of Report

- 1.1 To review the 2016-17 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2017-18 to 2018-19 and introduce the 2019-20 Capital Programme.
- 1.3 To determine a proposed three year Housing Revenue Account Capital Programme for consideration by Council on 8 February 2017.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2017-18 to 2019-20 (as set out in Appendix 1) be noted.
- 2.2 That Council, on 8 February 2017, is recommended to approve the three year Housing Revenue Account Capital Programme for the period 2017-18 to 2019-20 (as set out in Appendix 2).

3 Key Issues and Reasons for Recommendation

- 3.1 This report considers the draft proposed three year HRA Capital Programme for the period 2017-18 to 2019-20, together with the forecast outturn for 2016-17, 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 three year period are set out in Appendix 1, whilst a three year HRA Capital Programme is set out in Appendix 2.
- 3.3 A comparison of estimated resource availability with the proposed HRA capital expenditure programmes is also set out below:

| | <u>2016-17</u> £000's | <u>2017-18</u> £000's | <u>2018-19</u> £000's | <u>2019-20</u> £000's |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Resources Brought Forward | 3,333 | 1,897 | 1,875 | 2,299 |
| New Resources | 9,992 | 10,173 | 5,897 | 5,422 |
| Total Resources: | 13,325 | 12,070 | 7,772 | 7,721 |
| Less: Expenditure Programme | 11,428 | 10,195 | 5,473 | 5,734 |
| Resources carried forward to future years | 1,897 | 1,875 | 2,299 | 1,987 |

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 2017-18 "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 ". The recommendations as contained in the report provided a Balanced budget to 2019-20 and provided the financial framework within which now the Council's three year HRA revenue and capital programme budgets are determined for the period 2017-18 to 2019-20.
- 5.2 This report considers the formulation of a proposed three year HRA Capital Programme for consideration by Council on 8 February 2017.

Estimated Availability of HRA Capital Resources

- 5.3 Details of the estimated availability of HRA capital resources for the period 2017-18 to 2019-20 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 2016-17 HRA Capital Programme,
- (ii) The approval of additional funding from the Greater Birmingham and Solihull Local Economic Partnership (GBSLEP) to extend the Garage Sites Redevelopment Scheme
- (iii) Amendments to the revenue contribution to capital outlay following the detailed budget formulation work in respect of the three year Housing Revenue Account.

5.4 No material changes arise in relation to the 2016-17 capital programme subject to certain expenditure slipping into 2017-18.

5.5 The Council submitted a bid to the Unlocking Housing Sites Programme of the GBSLEP and was successful in obtaining £0.585 million of grant funding that combined with the additional resources released as part of the outturn for 2015-16 has enabled the full 39 units to be developed on garage sites.

5.6 The HRA Revenue Budget, included elsewhere on the Agenda, includes the following Revenue Contributions to Capital Outlay during the three year programme period:-

| <u>2016-17</u> £ | <u>2017-18</u> £ | <u>2018-19</u> £ | <u>2019-20</u> £ |
|---------------------|---------------------|---------------------|---------------------|
| 4,901 | 2,620 | 2,138 | 1,650 |

5.7 The increase in Revenue Contribution to Capital Outlay and other minor variations results in Available Capital resources as at 31 March 2020 amounting to £1.987 million an increase of £1.692 million as compared to the Interim Business Plan.

5.8 A revised HRA Business Plan and revised 5 year projection will be produced during 2017-18 following details of the High Value Payment being published and its impact determined.

HRA Capital Programme 2017-18 to 2019-20

5.9 A proposed HRA Capital Programme for 2017-18 to 2019-20 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 2016-17 HRA Capital Programme.

5.10 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.

5.11 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:-

| | <u>Number of Dwellings</u> | | | <u>Total</u> |
|---|-----------------------------------|-----------------------|-----------------------|---------------------|
| | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | |
| External and Environmental Works | 635 | 725 | 705 | 2,065 |
| Kitchen Replacement | 60 | 65 | 125 | 250 |
| Bathroom Replacement | 260 | 120 | 120 | 500 |
| Central Heating Improvements | 275 | 220 | 325 | 820 |
| Electrical Upgrades | 600 | 550 | 500 | 1,650 |
| Window Refurbishment and Double Glazing | 525 | 0 | 0 | 525 |
| Provision of additional Council Dwellings | 44 | 14 | 0 | 58 |

| |
|-----------------------|
| 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 three year HRA Capital Programme 2017-18 to 2019-20 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 2017-18 to 2019-20 has been formulated in accordance with the revised Business Plan, the Business Plan EIA also applies to the proposed three 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
2016-17 to 2019-20

Appendix 2: Housing Revenue Account Capital Programme
2016-17 to 2019-20

| |
|-------------------------------|
| Previous Consideration |
|-------------------------------|

| | | |
|--|---------|------------------|
| Interim Housing Revenue Account Business Plan Review | Cabinet | 10 December 2015 |
|--|---------|------------------|

| |
|--------------------------|
| Background Papers |
|--------------------------|

**ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL
RESOURCES 2016-17 TO 2019-20**

| <u>Resource</u> | <u>2016-17</u> £000's | <u>2017-18</u> £000's | <u>2018-19</u> £000's | <u>2019-20</u> £000's |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Resources Brought Forward | 3,333 | 1,897 | 1,875 | 2,299 |
| Borrowing | 1,015 | 3,022 | | |
| RTB Sales (Allowable Attributable Debt) | 450 | 450 | 450 | 450 |
| Section 106 monies | 46 | | | |
| Capital Receipts Other | 15 | | | |
| Revenue Contributions to Capital Outlay | 4,901 | 2,620 | 2,138 | 1,650 |
| Major Repairs Allowance | 3,236 | 3,280 | 3,309 | 3,322 |
| GBS LEP | | 585 | | |
| Transfer from Reserves: Social Alarm Reserve | 113 | | | |
| Affordable Housing Grant | 216 | 216 | | |
| Total New Resources | <u>9,992</u> | <u>10,173</u> | <u>5,897</u> | <u>5,422</u> |
| Total Capital Resources | <u>13,325</u> | <u>12,070</u> | <u>7,772</u> | <u>7,721</u> |
| <u>Less Proposed Expenditure (Base HRA Capital Programme)</u> | <u>11,428</u> | <u>10,195</u> | <u>5,473</u> | <u>5,734</u> |
| Agreed resources carried forward | <u>1,897</u> | <u>1,875</u> | <u>2,299</u> | <u>1,987</u> |

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME
2017-18 TO 2019-20

| <u>Scheme</u> | <u>Forecast</u> | <u>Estimated Expenditure</u> | | |
|---|-----------------|------------------------------|----------------|----------------|
| | <u>Outturn</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> |
| | <u>£000's</u> | <u>£000's</u> | <u>£000's</u> | <u>£000's</u> |
| Demolition of Garages | 132 | 20 | 20 | 20 |
| Moss Road Reema Flats Redevelopment | 1,638 | 1,639 | 142 | |
| Green Lane New Build | 58 | | | |
| Development of Former Garage Sites | 1,840 | 2,392 | 580 | |
| Disabled Facilities Works (Council Dwellings) | 519 | 520 | 389 | 396 |
| Right to Compensation (Tenants Improvements) | 10 | 5 | 5 | 5 |
| Replacement of Kitchens | 343 | 375 | 425 | 718 |
| Replacement of Bathrooms | 1,158 | 871 | 474 | 486 |
| Replacement of Central Heating | 1,056 | 1,068 | 880 | 1,313 |
| Void Properties (Decent Homes Works) | 324 | 334 | 344 | 355 |
| External and Environmental Works | 1,443 | 1,352 | 1,442 | 1,664 |
| Provision of Double Glazing | 1,567 | 607 | | |
| Replacement of Social Alarms | 63 | 50 | | |
| Upgrading of Electrical Systems | 565 | 570 | 575 | 566 |
| Asbestos Testing and Removal | 77 | 84 | 86 | 89 |
| Provision of Proposed Kerbs | 68 | | | |
| Resurfacing of Driveways | 141 | 90 | | |
| Replacement of Housing Service Vehicles | 143 | 110 | | |
| Contingency for unforeseen works | 107 | 108 | 111 | 113 |
| Future Enhancements | 176 | | | |
| TOTAL: | 11,428 | 10,195 | 5,473 | 5,734 |