

Report of:	Head of Housing and Waste Management
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Key Decision:	No
Report Track:	Cabinet 30/1/14

CABINET
30 JANUARY 2014
REVIEW OF THE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME
2013-14

1 Purpose of Report

- 1.1 To review in accordance with the Council's agreed Capital Expenditure Control Procedures and Financial Regulations, the 2013-14 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 2013-14 Housing Revenue Account Capital Programme as set out in Appendix 2 be noted and approval be given to incur £100,000 of additional scheme costs in respect of Void Properties (Decent Homes).
- 2.3 That the position regarding uncommitted Housing Revenue Account Capital Resources be noted and that £3,929,024 of uncommitted resources are carried forward to 2014-15.

3 Key Issues and Reasons for Recommendation

- 3.1 This report presents the quarter three review of the 2013-14 HRA Capital Programme.

- 3.2 Estimated resources for 2013-14 are now forecast to be £16,729,824 as set out in Appendix 1. This compares to the estimate of £15,694,994 when the programme was last reviewed on 21 November 2013. The reasons for this £1,034,830 increase in resources are set out in Appendix 3.
- 3.3 Actual expenditure at 31 December 2013 totalled £8,841,668 and represents 67.5% of the previously agreed expenditure target.
- 3.4 Estimated expenditure for 2013-14 is now forecast to be £12,800,800. This compares to the estimate of £13,097,800 when the programme was reviewed on 21 November 2013. The reasons for this net decrease of £297,000 are set out in Appendix 4. Approval is sought for £100,000 of additional expenditure in respect of decent homes works in respect of void properties.
- 3.5 Following the financing of the estimated 2013-14 HRA Capital Programme it is now anticipated that £3,929,024 of uncommitted resources will be available. This compares to the estimate of £2,597,194 when the programme was reviewed on 21 November 2013, an increase of £1,331,830. The £3,929,024 of uncommitted resources will be carried forward to assist in financing the HRA Capital Programme for 2014-15 and future years.

4 Relationship to Corporate Priorities

- 4.1 The implementation of the 2013-14 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 2013-14 “Place” Priority Delivery Plan. Specific targets for dwelling improvements are again included within the Priority Delivery Plan as set out in paragraph 5.5.

5 Report Detail

- 5.1 The 2013-14 HRA Capital Programme was determined by Council on 13 February 2013 and was subsequently reviewed by Cabinet on 25 July and 21 November 2013.
- 5.2 The programme has been reviewed again at the end of the third quarter. A revised estimate of 2013-14 capital resource availability is presented as Appendix 1, whilst details of actual and estimated expenditure are presented as Appendix 2.
- 5.3 The changes since the last report considered by Cabinet on 21 November 2013 in relation to both estimated available resources and estimated expenditure is summarised below:-

Estimated Position 21 November 2013

	£	£
Resources available		15,694,994
Less Estimated expenditure		13,097,800
Resources carried forward (November 2013)		<u>(A) 2,597,194 (+)</u>

Net Changes in Resources

	£	£
(i) Capital Receipts (Sale of Land)	10,000 (+)	
(ii) Revenue Contribution to Capital Outlay	1,090,830 (+)	
(iii) Affordable Housing Grant	66,000 (-)	
		<u>(B) 1,034,830 (+)</u>

Net Changes in Expenditure

	£	£
(i) Budget savings (Appendix 4)	122,000 (+)	
(ii) Additional scheme costs (Appendix 4)	100,000 (-)	
(iii) Additional expenditure brought forward 2014-15 to 2014-13	26,000 (-)	
(iv) Additional Authorised Expenditure	14,000 (-)	
(v) Reprogramming of expenditure from 2013-14 to 2014-15	315,000 (+)	
		<u>(C) 297,000 (+)</u>
Resources carried forward (30 January 2014) (A) + (B) + (C)		<u>3,929,024</u>

- 5.4 Whilst actual expenditure of £8,841,668 (67.5%) appears low against the previously agreed expenditure target of £13,097,800 it does not fully reflect the work that has been undertaken on site.

- 5.5 The structural reinstatement works to the Council's Reema and Cornish houses on the Moss Road Estate and in the Bradbury Lane area have been completed, whilst the kitchen, bathroom, external works, central heating, double glazing and electrical upgrading programmes are progressing on target.
- 5.6 Difficulties are however being experienced in purchasing vacant former Council dwellings in accordance with the scheme agreed by Cabinet on 25 July 2013. Although an offer for a two bedroom house has been accepted, offers for three other properties have been refused as the owners are seeking a purchase price which exceeds the property valuation. Whilst suitable properties continue to be sought it is considered that the 2013-14 target of five property purchases will not be achieved and three of these have therefore been reprogrammed to 2014-15.
- 5.7 A separate report elsewhere on your agenda also reconsiders the implementation of conversion works to the occupied "type 40" bungalows, in the light of the proposed national rent policy for 2015-16 and future years.
- 5.8 Details of the progress in achieving the target outputs (in terms of dwelling improvements) which will result from the implementation of the 2013-14 HRA Capital Programme are set out in the table below.

	Scheme	Target Outputs 2013-14	Actual Outputs (31 December 2013)	%
(a)	External Works	812	627	77
(b)	Central Heating	265	234	88
(c)	Replacement of Kitchens	88	61	69
(d)	Replacement of Bathrooms	440	299	68
(e)	Electrical Upgrading	660	508	77
(f)	Disabled Facilities Works	98	59	60

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 refurbishment of the communal entrance halls to the three storey communal entrance flats on the Moss Road Estate 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 2013-14 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 2013-14

Appendix 2: HRA Expenditure 2013-14

Appendix 3: 2013-14 HRA Capital Programme – Resource Variations

Appendix 4: 2013-14 HRA Capital Programme – Expenditure Variations

Previous Consideration

Housing Revenue Account
Capital Programmes 2013-14 to
2015-16

Cabinet

31 January 2013
(agreed by Council 13
February 2013)

Housing Revenue Account Capital Programmes 2012-13 and 2013-14	Cabinet	25 July 2013
Repurchase of Vacant Former Council Dwellings	Cabinet	25 July 2013
Review of the Housing Revenue Account Capital Programme 2013-14	Cabinet	21 November 2013
Housing Revenue Account Business Plan Review	Cabinet	21 November 2013
Resident Parking Problems – Woodside Place and adjacent cul-de-sacs	Cabinet	21 November 2013
Renewable Heat Premium Payment Social Landlords Scheme	Cabinet	5 December 2013

Background Papers

HOUSING REVENUE ACCOUNT CAPITAL RESOURCES 2013-14

	February 13 £	July 13 £	September 13 £	January 14 £	Variance £
Resources B/F	5,528,421	6,426,994	6,426,994	6,426,994	0
RTB Sales (Allowable Attributable Debt)	150,000	150,000	300,000	300,000	0
Capital Receipts Sale of Land	100,000	100,000	188,000	198,000	10,000
Revenue Contributions to Capital Outlay	4,211,000	4,211,000	4,211,000	5,301,830	1,090,830
Major Repairs Allowance	3,211,000	3,211,000	3,211,000	3,211,000	0
Energy Efficiency Obligation Monies	1,976,000	2,008,000	1,248,000	1,248,000	0
Affordable Housing Grant	0	0	110,000	44,000	(66,000)
Resources Available	15,176,421	16,106,994	15,694,994	16,729,824	1,034,830

ITEM NO. 9.8

	February 13 £	July 13 £	September 13 £	January 14 £	Variance £
Less Committed Expenditure (HRA Schemes)	12,160,000	12,889,800	13,097,800	12,800,800	297,000
Resources Carried Forward	3,016,421	3,217,194	2,597,194	3,929,024	1,331,830

ITEM NO. 9.9

APPENDIX 2

Housing Revenue Account Capital Programme Expenditure Quarter 3 2013-14

CODE TOTAL	Scheme Detail	2013-14 Programme Feb 13 £	2013-14 Programme Jul 13 £	2013-14 Programme Nov 13 £	2013-14 Actual Expenditure £ Dec-13	2013-14 Programme Jan 14 £	2013-14 Variance £
	<u>SUMMARY - HOUSING</u>						
	Enabling Role	720,000	834,310	945,000	213,868	620,000	(325,000)
	Mandatory Expenditure	466,000	420,220	480,220	323,238	475,220	(5,000)
	Improvements	5,241,000	5,873,270	5,885,580	4,484,680	5,961,580	76,000
	Enhancements	5,733,000	5,762,000	5,787,000	3,819,882	5,744,000	(43,000)
	TOTAL	12,160,000	12,889,800	13,097,800	8,841,668	12,800,800	(297,000)

ITEM NO. 9.10

CODE TOTAL	Scheme Detail	2013-14 Programme Feb 13 £	2013-14 Programme Jul 13 £	2013-14 Programme Nov 13 £	2013-14 Actual Expenditure £ Dec-13	2013-14 Programme Jan 14 £	2013-14 Variance £
	<u>ENABLING ROLE</u>						
C705	Demolition of Garages	20,000	20,000	20,000	0	10,000	(10,000)
C721	Redevelopment of PRC Dwellings (Reema flats Moss Road Estate)	700,000	814,310	400,000	213,868	400,000	0
	Repurchase of Vacant Former Council Dwellings	0	0	525,000	0	210,000	(315,000)
	Sub-Total	720,000	834,310	945,000	213,868	620,000	(325,000)

ITEM NO. 9.11

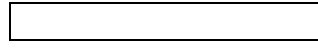
CODE TOTAL	Scheme Detail	2013-14 Programme Feb 13 £	2013-14 Programme Jul 13 £	2013-14 Programme Nov 13 £	2013-14 Actual Expenditure £ Dec-13	2013-14 Programme Jan 14 £	2013-14 Variance £
	<u>MANDATORY EXPENDITURE</u>						
C029	Disabled Facilities Works - Council Dwellings	461,000	415,220	475,220	323,238	475,220	0
C031	Right to Compensation - Tenants Improvements	5,000	5,000	5,000	0	0	(5,000)
	Sub-Total	466,000	420,220	480,220	323,238	475,220	(5,000)

ITEM NO. 9.12

CODE TOTAL	Scheme Detail	2013-14 Programme Feb 13 £	2013-14 Programme Jul 13 £	2013-14 Programme Nov 13 £	2013-14 Actual Expenditure £ Dec-13	2013-14 Programme Jan 14 £	2013-14 Variance £
	<u>IMPROVEMENTS</u>						
C680	Kitchen Replacement	605,000	517,690	430,000	390,565	430,000	0
C724	Bathroom Replacement	1,385,000	1,501,000	1,501,000	694,527	1,501,000	0
C699	Central Heating Programmes: - including the replacement of existing boilers and heating appliances	1,025,000	1,097,000	1,097,000	773,013	1,123,000	26,000
C695	Void Properties - Decent Homes	300,000	400,000	500,000	342,331	600,000	100,000
C610	Structural Reinstatement of PRC Dwellings (Reema Houses Moss Estate Cornish Houses, Rowley Close Area)	1,926,000	2,357,580	2,357,580	2,284,245	2,307,580	(50,000)
	Sub-Total	5,241,000	5,873,270	5,885,580	4,484,680	5,961,580	76,000

ITEM NO. 9.13

CODE TOTAL	Scheme Detail	2013-14 Programme Feb 13 £	2013-14 Programme Jul 13 £	2013-14 Programme Nov 13 £	2013-14 Actual Expenditure £ Dec-13	2013-14 Programme Jan 14 £	2013-14 Variance £
	<u>ENHANCEMENTS</u>						
C692	Upgrading of Electrical Systems:	628,000	628,000	628,000	352,885	628,000	0
C681	External Envelope Works	3,466,000	3,525,000	3,525,000	2,483,445	3,525,000	0
C725	Redesign of Communal Entrance Halls	134,000	134,000	134,000	151,718	134,000	0
C437	Asbestos Testing and removal	75,000	75,000	100,000	100,963	100,000	0
C728	Contingency for unforeseen works	100,000	70,000	70,000	0	70,000	0
C706	Replacement of Housing Service Vehicles	253,000	253,000	253,000	57,467	253,000	0
C729	Provision of Double Glazing	957,000	957,000	957,000	673,404	900,000	(57,000)
C740	Replacement of Fire Alarms (sheltered)	40,000	40,000	40,000	0	40,000	0
C741	Conversion work "type 40" bungalows	80,000	80,000	80,000	0	80,000	0
	Provision of Dropped Kerbs (West Chadsmoor cul-de-sacs)	0	0	0	0	14,000	14,000
	Sub-Total	5,733,000	5,762,000	5,787,000	3,819,882	5,744,000	(43,000)



2013-14 HRA CAPITAL PROGRAMME – RESOURCE VARIATIONS

1. Increase in Resources

	<u>Resource</u>	<u>Increase in Resources</u> £	<u>Reason</u>
1.1	Capital Receipts (Sale of Land)	10,000	Additional resources as a result of a drainage easement in respect of the redevelopment of the Edward Street Working Mens Club.
1.2	Revenue Contribution to Capital Outlay	1,090,830	<p>Additional RCCO comprising:-</p> <p>(i) £100,000 of budget savings from the “Minor Works Voids Budget” within the HRA to meet the additional expenditure on void dwellings which require decent homes works.</p> <p>(ii) Increased RCCO of £875,560 during 2013-14 in accordance with the revised HRA Business Plan considered by Cabinet on 21 November 2013. *</p> <p>(iii) Increased RCCO of £115,620 following the detailed review of the 2013-14 HRA. *</p>
		<hr style="width: 100px; margin: 0 auto;"/> <p>1,100,830</p> <hr style="width: 100px; margin: 0 auto;"/>	<p>* In accordance with the Council’s policy of utilising any surplus above the minimum amount required in working balances as a Revenue Contribution to Capital Outlay.</p>

2. Decrease in Resources

<u>Resource</u>	<u>Decrease in Resources £</u>	<u>Reason</u>
2.1 Affordable Housing Grant	66,000	Reprogramming of £66,000 of Affordable Housing Grant to 2014-15.
	<hr/> 66,000 <hr/>	

2013-14 HRA CAPITAL PROGRAMME – EXPENDITURE VARIATIONS

1. Budget Savings

<u>Scheme</u>	<u>Budget Saving</u> £	<u>Reason</u>
1.1 Demolition of Garages	10,000	Anticipated reduction in the need to demolish garages during 2013-14.
1.2 Tenants Right to Compensation for Improvements Scheme	5,000	Absence of any claims for compensation under the Tenants Right to Compensation for Improvements Scheme.
1.3 Structural Reinstatement of PRC Dwellings	50,000	Estimated budget savings in respect of provisional sums.
1.4 Window Refurbishment and Double Glazing	57,000	Estimated budget savings in respect of provisional sums.
	122,000	

2. Additional Scheme Costs

<u>Scheme</u>	<u>Additional Scheme Cost</u> £	<u>Reason</u>
2.1 Void Dwellings (Decent Homes)	100,000	Additional need for expenditure on void properties requiring decent homes works. Additional cost met through a further RCCO as a result of budget savings from Minor Works Voids budget within the Housing Revenue Account.
	100,000	

3. Authorised Expenditure Brought Forward from 2014-15

<u>Scheme</u>	<u>Expenditure Brought Forward</u> £	<u>Reason</u>
3.1 Central Heating Programme	26,000	Expenditure brought forward to finance the provision of solar thermal hot water systems to 13 properties following a successful bid for resources under the Renewal Heat Premium Payment Social Landlords Scheme (as agreed by Cabinet 5 December 2013).
	26,000	

4. Additional Authorised Expenditure

<u>Scheme</u>	<u>Additional Authorised Expenditure</u> £	<u>Reason</u>
4.1 Provision of Dropped Kerbs	14,000	Provision of dropped kerbs to dwellings in the Woodside Place, Glen Close and Wardle Place cul-de-sacs, West Chadsmoor (as agreed by Cabinet 21 November 2013).
	14,000	

5. Reprogramming of Expenditure from 2013-14 to 2014-15

<u>Scheme</u>	<u>Expenditure Reprogrammed</u> £	<u>Reason</u>
5.1 Repurchase of Vacant Former Council Dwellings	315,000	Difficulties in purchasing vacant former Council dwellings which meet the Council's agreed purchase criteria.
	315,000	