

<b>Report of:</b>	<b>Head of Housing and Head of Finance</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: 30/01/14 Council: 12/02/14</b>

**CABINET  
30 JANUARY 2014  
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2014-15 TO 2016-17**

**1 Purpose of Report**

- 1.1 To introduce the Housing Revenue Account Capital Programme budgets for the period 2014-15 to 2016-17.
- 1.2 To determine a proposed three year Housing Revenue Account Capital Programme for consideration by Council on 12 February 2014.

**2 Recommendations**

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2014-15 to 2016-17 (as set out in Appendix 1) the base three year Housing Revenue Account Capital Programme for the period 2014-15 to 2016-17 (as set out in Appendix 2) and the estimated additional expenditure capacity of £2.100 million during the three year programme period be noted.
- 2.2 That Council on 12 February 2014 be recommended to:-
  - (i) Agree the Housing Revenue Account Capital Programme enhancements as set out in Appendix 3.
  - (ii) Approve the Housing Revenue Account Capital Programme for the period 2014-15 to 2016-17 as set out in Appendix 4.

**3 Key Issues and Reasons for Recommendation**

- 3.1 This report considers the formulation of a proposed three year HRA Capital Programme for the period 2014-15 to 2016-17, within the financial framework provided by the revised 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 base 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>2014-15</u> £000's	<u>2015-16</u> £000's	<u>2016-17</u> £000's
Resources Brought Forward	3,929	2,947	818
New Resources	12,617	8,735	8,881
Total Resources:	<u>16,546</u>	<u>11,682</u>	<u>9,699</u>
Less:			
(i) Proposed Expenditure Programme	(12,322)	(10,575)	(9,045)
(ii) Agreed resources carried forward to future years	(2,947)	(818)	(120)
Additional Expenditure Capacity	<u>1,277</u>	<u>289</u>	<u>534</u>

- 3.4 A total of £2.100 million is therefore potentially available to enhance the three year HRA Capital Programme and three potential enhancement options are set out in the report.
- 3.5 Following consultation with the Housing Portfolio Leader, it is proposed that a combination of the three options is adopted which would deliver:-
- (i) The completion of the double glazing and window refurbishment programme in 5 rather than 7 years.
  - (ii) The provision of 6 additional Council dwellings.
  - (iii) A sum of £275,000 for currently unidentified enhancements, which Cabinet may wish to undertake in future years.
- 3.6 The financial impact of the above proposals is set out in Appendix 3, whilst a proposed HRA Capital Programme for 2014-15 to 2016-17 is set out as Appendix 4.

<b>4 Relationship to Corporate Priorities</b>
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- 4.1 The HRA Capital Programme will contribute to the following service aims, which form part of the Housing Portfolio section within the proposed 2014-15 "Place" Priority Delivery Plan.

- (i) Increase the supply of affordable housing.
  - (ii) Maintain and improve the facilities and energy efficiency of the Council's housing stock.
  - (iii) Support vulnerable Council tenants to live independently in their own homes.
- 4.2 The delivery of the 2014-15 HRA Capital Programme is also included as a specific action within the Housing Portfolio section of the proposed 2014-15 "Place" Priority Delivery Plan.

<b>5 Report Detail</b>
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- 5.1 Cabinet on 21 November 2013 considered a revised 30 year Housing Revenue Account Business Plan for the continued implementation of the devolved HRA "self financing system". It was reported that the revised plan would provide the financial framework within which the Council's three year HRA revenue and capital programme budgets are determined for the period 2014-15 to 2016-17.
- 5.2 This report considers the formulation of a proposed three year HRA Capital Programme for consideration by Council on 12 February 2014.

**Estimated Availability of HRA Capital Resources**

- 5.3 Details of the estimated availability of HRA capital resources for the period 2014-15 to 2016-17 are set out in Appendix 1. These are in accordance with the assumptions in the revised Business Plan with subsequent adjustments to reflect:-
- (i) The anticipated outturn in respect of the 2013-14 HRA Capital Programme (as set out in a separate report elsewhere on your agenda) which includes an estimated £3,929,000 of uncommitted resources being carried forward to 2014-15.
  - (ii) £26,000 of additional resources as a result of the successful bid for "Renewal Heat Payment Grant" reported to Cabinet on 19 December 2013.
  - (iii) An additional revenue contribution to capital outlay following the detailed budget formulation work in respect of the three year Housing Revenue Account.
- 5.4 The assumptions include:-
- (i) Estimated capital resources of £15,000 per Right to Buy (RTB) dwelling sale as a result of "allowable" attributable debt" in respect of retained RTB receipts from 70 anticipated RTB sales.
  - (ii) The continued transfer of other RTB receipts to the General Fund Capital Programme for the provision of private sector disabled facilities grants.

- (iii) The continued use of capital receipts generated from HRA “land sales” as a HRA capital resource, with estimated receipts during the period 2014-15 to 2016-17 being limited to those realised from the sale of former garage sites and other small areas of land.
- (iv) An estimated £1.299 million of Energy Company Obligation resources from British Gas.
- (v) A £300,000 contribution from the Social Alarms Reserve in 2015-16.
- (vi) The utilisation of any surplus above the minimum amount required in working balances as a Revenue Contribution to Capital Outlay, with the following contributions being assumed during the three year programme period:-

<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
£	£	£
4,541,250	4,861,890	5,108,930

**A Base HRA Capital Programme 2014-15 to 2016-17**

5.5 A proposed base HRA Capital Programme for 2014-15 to 2016-17 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 2013-14 HRA Capital Programme.

5.6 The proposed base programme will deliver:-

- (i) An enhanced External and Environment Works Programme in accordance with the service standard agreed by Cabinet on 17 October 2013, together with planned maintenance works to outhouses as included in revised Business Plan.
- (ii) The continuation of the following planned maintenance programmes:-
  - \* Kitchen and bathroom replacement.
  - \* Electrical upgrading.
  - \* Central heating upgrading including the replacement of all solid fuel heating systems.
- (iii) The provision of external insulation to 250 solid wall rendered properties during 2014-15 as part of the External and Environment Works Programme.
- (iv) The continuation of the 7 year window refurbishment and double glazing programme (with double glazing being fitted where possible in the existing window frames).
- (v) The replacement of the Council's social alarms in 2015-16.
- (vi) The provision of 74 Council houses (Note a further 8 dwellings are programmed outside the three year capital programme period).

- 5.7 Details of the dwelling outputs (in terms of completions) which will result from the implementation of the proposed base programme are set out below:-

	<b>Number of Dwellings</b>			<b>Total</b>
	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>	<b><u>2016-17</u></b>	
External and Environmental Works	830	800	755	2,385
Kitchen Replacement	90	90	120	300
Bathroom Replacement	310	345	350	1,005
Central Heating Improvements	255	240	250	745
Electrical Upgrades	510	500	500	1,510
Window Refurbishment and Double Glazing	740	1,060	750	2,550
Provision of additional Council Dwellings	18 *	34 *	22 *	74 *

Note \* Provisional figures subject to the receipt of a programme (as part of the tender submission) for the development of 65 dwellings on the Moss Road Estate.

**Potential Enhancement of the Base HRA Capital Programme 2014-15 to 2016-17**

- 5.8 Cabinet on 21 November 2013 were informed that the Business Plan review resulted in an estimated cumulative surplus of £1.349 million in 2016-17. This is potentially available to enhance the provision of the Council's housing service and Cabinet agreed to consider its use when formulating the proposed budgets for 2014-15 to 2016-17.
- 5.9 As a result of the 2013-14 HRA budget review and the detailed HRA budget formulation work for the period 2014-15 to 2016-17, a further £751,000 of additional expenditure capacity has been identified during the three year programme period.
- 5.10 A total of £2.100 million is therefore potentially available to enhance the base three year HRA Capital Programme (set out in Appendix 2).

5.11 Three potential enhancement options are set out below:-

(i) Bring forward the Double Glazing and Window Refurbishment Programme

The double glazing and window replacement programme is planned for completion (in accordance with the agreed seven year timescale) in March 2020.

The programme has been “well received” by tenants with high satisfaction rates where works have been implemented. A number of tenants have, however, expressed disappointment over the 7 year length of the programme and requests have been received for this to be brought forward.

It is possible to bring the agreed programme forward for completion in March 2018 in accordance with a five year timescale, by utilising £1,105,000 of the additional expenditure capacity.

This action would further contribute to the Council’s service aim of improving the energy efficiency of its housing stock and assist in providing tenants with “affordable warmth” at a time of rising energy costs.

The option would also result in an overall estimated cost saving of £219,000 in respect of the double glazing and window refurbishment programme and create additional expenditure capacity in 2018-19 and 2019-20 when the agreed works are currently programmed.

(ii) Provision of additional Council Dwellings

The base HRA Capital Programme budgetary provision to provide 74 Council dwellings during the three year programme period, with a further 8 dwellings being provided outside the programme period.

There is a substantial need for social rented accommodation in the District as evidenced by the “Southern Staffordshire Districts Housing Needs Study 2012” and the number of households on the Council’s housing register. Additional expenditure provision to build further Council houses would help address this need.

The estimated cost of providing an additional Council dwelling is £120,000 and some potential options are set out below:-

- 6 additional dwellings - £720,000
- 8 additional dwellings - £960,000
- 10 additional dwellings - £1,200,000
- 16 additional dwellings - £1,920,000

(iii) Capital Programme enhancements not identified at the present time

Whilst additional uncommitted resource have been identified as a result of the two previous HRA Business Plan reviews, this is unlikely to continue in future years.

Potential Capital Programme enhancements which are currently unidentified are, however, likely to arise in future years. Cabinet may therefore wish to consider “earmarking” a proportion of the £2.100 million of additional expenditure capacity as an uncommitted resource, pending the future identification of further enhancements to the HRA Capital Programme.

- 5.12 Following consultation with the Housing Portfolio Leader, it is proposed that a combination of the three options is adopted which would deliver:-
- (i) The completion of the double glazing and window refurbishment programme in 5 rather than 7 years.
  - (ii) The provision of 6 additional Council dwellings.
  - (iii) A sum of £275,000 for currently unidentified enhancements, which Cabinet may wish to undertake in future years.
- 5.13 The financial impact of the above proposals is set out in Appendix 3, whilst a proposed HRA Capital Programme for 2014-15 to 2016-17 is set out as Appendix 4.
- 5.14 The suggested programme of enhancements would increase the dwelling outputs (in terms of completions) identified in paragraph 5.7 as follows:-

	<b><u>Total Number of Dwellings</u></b>			
	<b><u>2014-15</u></b>	<b><u>2015-16</u></b>	<b><u>2016-17</u></b>	<b><u>Total</u></b>
Window Refurbishment and Double Glazing	1,160	1,160	1,150	3,470
Provision of additional Council Dwellings	20 *	36 *	24 *	80

Note \* Provisional figures subject to the receipt of a programme (as part of the tender submission) for the development of 65 dwellings on the Moss Road Estate.

## **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 2014-15 to 2016-17 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 2014-15 to 2016-17 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

<b>7 Appendices to the Report</b>
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Appendix 1: Estimated Housing Revenue Capital Resources 2014-15 to 2016-17

Appendix 2: Base Housing Revenue Account Capital Programme 2014-15 to 2016-17

Appendix 3: Housing Revenue Account Capital Programme – Enhancements Recommended to Council (12 February 2014)

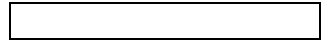


Appendix 4: Housing Revenue Account Capital Programme –  
Recommendation to Council (12 February 2014)

**Previous Consideration**

External Works Programme	Cabinet	17 October 2013
Housing Revenue Account Business Plan Review	Cabinet	21 November 2013
Renewable Heat Premium Payment Social Landlords Scheme	Cabinet	20 December 2013

**Background Papers**



**ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL  
RESOURCES 2014-15 TO 2016-17**

<u>Resource</u>	<u>2014-15</u> £000's	<u>2015-16</u> £000's	<u>2016-17</u> £000's
<b>Resources Brought Forward</b>	3,929	2,947	818
<b>New Resources</b>			
Borrowing	3,022	-	-
RTB Sales (Allowable Attributable Debt)	300	300	450
Capital Receipts (Sale of Land)	50	50	50
Revenue Contributions to Capital Outlay	4,541	4,862	5,109
Major Repairs Allowance	3,203	3,223	3,272
Energy Efficiency Obligation Monies	1,299	-	-
Transfer from Social Alarm Reserve	-	300	-
Renewal Heat Premium Payment Grant	26	-	-
Affordable Housing Grant	176	-	-
<b>Total New Resources</b>	12,617	8,735	8,881
<b>Total Capital Resources</b>	16,546	11,682	9,699
<b><u>Less</u> Proposed Expenditure (Base HRA Capital Programme)</b>	(12,322)	(10,575)	(9,045)
<b><u>Less</u> Agreed resources carried forward</b>	(2,947)	(818)	(120)
<b>Additional Expenditure capacity</b>	1,277	289	534

**BASE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2014-15 TO  
2016-17**

<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2014-15</u> <u>£000's</u>	<u>2015-16</u> <u>£000's</u>	<u>2016-17</u> <u>£000's</u>
Demolition of Garages	20	20	20
Redevelopment of PRC Dwellings (Reema Flats, Moss Road Estate)	100	-	-
Repurchase of vacant former Council Dwellings	840	-	-
Provisional of additional Council Houses	2,300	3,600	2,280
Disabled Facilities Works (Council Dwellings)	491	500	510
Right to Compensation (Tenants Improvements)	5	5	5
Replacement of Kitchens	463	457	585
Replacement of Bathrooms	1,203	1,315	1,362
Replacement of Central Heating	892	830	859
Void Properties (Decent Homes Works)	500	412	324
External and Environmental Works	3,599	1,284	1,404
Provision of Double Glazing	928	1,015	915
Replacement of Social Alarms	-	300	-
Upgrading of Electrical Systems	597	553	566
Asbestos Testing and Removal	75	78	81
Replacement of Housing Service Vehicles	209	100	24
Contingency for unforeseen works	100	106	110
<b>TOTAL:</b>	<b>12,322</b>	<b>10,575</b>	<b>9,045</b>

**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME  
ENHANCEMENTS RECOMMENDED TO COUNCIL (12 FEBRUARY 2014)**

<b><u>Programme Enhancement</u></b>	<b><u>2014-15 £000's</u></b>	<b><u>2015-15 £000's</u></b>	<b><u>2016-17 £000's</u></b>	<b><u>Total £000's</u></b>
Double Glazing and Window Refurbishment Programme (completion in five years)	404	313	388	1,105
Provision of 6 additional Council dwellings	240	240	240	720
Future Enhancements	-	137	138	275
	<hr/> 644	<hr/> 690	<hr/> 766	<hr/> 2,100

**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2014-15 TO 2016-17**  
**RECOMMENDED TO COUNCIL (12 FEBRUARY 2014)**

<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2014-15</u> <u>£000's</u>	<u>2015-16</u> <u>£000's</u>	<u>2016-17</u> <u>£000's</u>
Demolition of Garages	20	20	20
Redevelopment of PRC Dwellings (Reema Flats, Moss Road Estate)	100	-	-
Repurchase of vacant former Council Dwellings	840	-	-
Provisional of additional Council Houses	2,540	3,840	2,520
Disabled Facilities Works (Council Dwellings)	491	500	510
Right to Compensation (Tenants Improvements)	5	5	5
Replacement of Kitchens	463	457	585
Replacement of Bathrooms	1,203	1,315	1,362
Replacement of Central Heating	892	830	859
Void Properties (Decent Homes Works)	500	412	324
External and Environmental Works	3,599	1,284	1,404
Provision of Double Glazing	1,332	1,328	1,303
Replacement of Social Alarms	-	300	-
Upgrading of Electrical Systems	597	553	566
Asbestos Testing and Removal	75	78	81
Replacement of Housing Service Vehicles	209	100	24
Contingency for unforeseen works	100	106	110
Future Enhancements	-	137	138
<b>TOTAL:</b>	<b>12,966</b>	<b>11,265</b>	<b>9,811</b>