

Report of:	Head of Housing and Head of Finance
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Key Decision:	No
Report Track:	Cabinet: 29/01/15 Council: 11/02/15

**CABINET
29 JANUARY 2015
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2015-16 TO 2017-18**

1 Purpose of Report

- 1.1 To introduce the Housing Revenue Account Capital Programme budgets for the period 2015-16 to 2017-18.
- 1.2 To determine a proposed three year Housing Revenue Account Capital Programme for consideration by Council on 11 February 2015.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2015-16 to 2017-18 (as set out in Appendix 1) the base three year Housing Revenue Account Capital Programme for the period 2015-16 to 2017-18 (as set out in Appendix 2) and the estimated additional expenditure capacity of £1.94 million during the three year programme period be noted.
- 2.2 That Council on 11 February 2015 are recommended to:-
 - (i) Enhance the base three year Housing Revenue Capital Programme through:-
 - (a) A further £1,940,000 for the provision of additional Council housing.
 - (b) Re-phasing the double glazing and window refurbishment programme for completion in September 2017.

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 2015-16 to 2017-18, 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>2015-16</u> £000's	<u>2016-17</u> £000's	<u>2017-18</u> £000's
Resources Brought Forward	3,018	1,956	167
New Resources	11,562	10,108	10,593
Total Resources:	<u>14,580</u>	<u>12,064</u>	<u>10,760</u>
Less:			
(i) Base Expenditure Programme	(12,379)	(10,692)	(10,270)
(ii) Agreed resources carried forward to future years	(1,956)	(167)	-
Additional Expenditure Capacity	<u>245</u>	<u>1,205</u>	<u>490</u>

- 3.4 A total of £1,940,000 is available to enhance the base three year HRA Capital Programme. Following consultation with the Housing Portfolio Leader, it is suggested that this is utilised for the provision of additional Council housing potentially by providing "matched funding" for any increases to the national HRA borrowing limits.
- 3.5 It is also suggested that the Council's double glazing and window refurbishment programme is completed six months earlier and that the agreed base programme budgets are re-phased to achieve this.
- 3.6 The financial impact of the above proposals are set out within a proposed HRA Capital Programme for 2015-16 to 2017-18 attached as Appendix 3.

4 Relationship to Corporate Priorities

- 4.1 The HRA Capital Programme will contribute to the following service aims, which form part of the Housing Portfolio section within the 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.

5 Report Detail

- 5.1 Cabinet on 20 November 2014 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 2015-16 to 2017-18.
- 5.2 This report considers the formulation of a proposed three year HRA Capital Programme for consideration by Council on 11 February 2015.

Estimated Availability of HRA Capital Resources

- 5.3 Details of the estimated availability of HRA capital resources for the period 2015-16 to 2017-18 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 2014-15 HRA Capital Programme (as set out in a separate report elsewhere on your agenda) which includes an estimated £3,018,000 of uncommitted resources being carried forward to 2015-16.
 - (ii) 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 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 following Revenue Contributions to Capital Outlay during the three year programme period:-

<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
£	£	£
7,072,000	4,827,000	3,488,000

A Base HRA Capital Programme 2015-16 to 2017-18

- 5.5 A proposed base HRA Capital Programme for 2015-16 to 2017-18 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 2014-15 HRA Capital Programme.
- 5.6 The proposed base 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.
 - (ii) The completion of the replacement of the Council's social alarms in 2015-16.
 - (iii) The continuation of the 5 year window refurbishment and double glazing programme (with double glazing being fitted where possible in the existing window frames).
 - (iv) The provision of 113 Council houses.

Potential Enhancement of the Base HRA Capital Programme 2015-16 to 2017-18

- 5.7 As part of the report on the "Housing Revenue Account Budgets 2014-15" (included as a separate item elsewhere on your agenda) it is proposed that an additional revenue contribution to capital outlay totalling £1,940,000 is made during the three year budget period.
- 5.8 These additional resources are available to enhance the base three year HRA Capital Programme (as set out in Appendix 2). Following consultation with the Housing Portfolio Leader, it is suggested that this is utilised to provide "matched funding", in relation to further potential increases to the national HRA borrowing limits for the provision of additional affordable housing. However, if no further increases to the national HRA borrowing limits are announced, the resources would be available to further extend the Council's new build programme by an additional 16 dwellings.
- 5.9 The Council's double glazing and window replacement programme is currently programmed for completion in March 2018. It is however now possible to complete this six months earlier which would ensure that all tenants have the benefit of double glazing before the 2017-18 winter. As a result, and again following consultation with the Housing Portfolio Leader, the budgets within the base three year HRA Capital Programme have been re-phased to achieve this.
- 5.10 The financial impact of the above proposals are set out within a proposed HRA Capital Programme for 2015-16 to 2017-18 (attached as Appendix 3) and it is proposed that this is recommended to Council on 11 February 2015.

- 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>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
External and Environmental Works	950	700	620	2,270
Kitchen Replacement	70	70	70	210
Bathroom Replacement	340	340	145	825
Central Heating Improvements	305	305	305	915
Electrical Upgrades	610	540	530	1,680
Window Refurbishment and Double Glazing	1,130	1,170	590	2,890
Provision of additional Council Dwellings	10	46	73	129

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 2015-16 to 2017-18 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 2015-16 to 2017-18 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 2015-16 to 2017-18
- Appendix 2: Base Housing Revenue Account Capital Programme 2015-16 to 2017-18
- Appendix 3: Housing Revenue Account Capital Programme – Recommendation to Council (11 February 2015)

Previous Consideration

Housing Revenue Account Business Plan Review	Cabinet	20 November 2014
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Background Papers

**ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL
RESOURCES 2015-16 TO 2017-18**

<u>Resource</u>	<u>2015-16</u> £000's	<u>2016-17</u> £000's	<u>2017-18</u> £000's
Resources Brought Forward	3,018	1,956	167
New Resources			
Borrowing	-	1,015	3,022
RTB Sales (Allowable Attributable Debt)	300	450	450
Section 106 monies	100	50	-
Capital Receipts (Bungalows)	250	178	-
Revenue Contributions to Capital Outlay	7,072	4,827	3,488
Major Repairs Allowance	3,223	3,272	3,297
Energy Efficiency Obligation Monies	137	-	-
Transfer from Reserves:			
(i) IT Reserve	260	-	-
(ii) Social Alarm Reserve	180	-	-
Affordable Housing Grant	40	316	336
Total New Resources	11,562	10,108	10,593
Total Capital Resources	14,580	12,064	10,760
<u>Less Proposed Expenditure (Base HRA Capital Programme)</u>	12,379	10,692	10,270
<u>Less Agreed resources carried forward</u>	1,956	167	-
Additional Expenditure capacity	245	1,205	490

**BASE HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2015-16 TO
2017-18**

<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2015-16</u> <u>£000's</u>	<u>2016-17</u> <u>£000's</u>	<u>2017-18</u> <u>£000's</u>
Demolition of Garages	40	20	20
Moss Road Reema Flats Redevelopment	2,171	1,638	1,968
Green Lane New Build	1,980	50	-
Development of Former Garage Sites	-	1,580	1,580
Repurchase of vacant former Council Dwellings	177	-	-
Disabled Facilities Works (Council Dwellings)	500	510	520
Right to Compensation (Tenants Improvements)	5	5	5
Replacement of Kitchens	367	371	375
Replacement of Bathrooms	1,315	1,378	679
Replacement of Central Heating	1,041	1,070	1,082
Void Properties (Decent Homes Works)	512	324	334
External and Environmental Works	1,473	1,419	1,360
Provision of Double Glazing	1,222	1,303	1,366
Replacement of Social Alarms	180	-	-
Upgrading of Electrical Systems	608	574	579
Asbestos Testing and Removal	100	81	84
Provision of Proposed Kerbs	70	-	-
Replacement of Housing Management 17 system	260	-	-
Resurfacing of drives	100	100	100
Replacement of Housing Service Vehicles	115	24	110
Contingency for unforeseen works	106	107	108
Future Enhancements	37	138	-
TOTAL:	12,379	10,692	10,270

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2015-16 TO 2017-18
RECOMMENDED TO COUNCIL (11 FEBRUARY 2015)

<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2015-16</u> <u>£000's</u>	<u>2016-17</u> <u>£000's</u>	<u>2017-18</u> <u>£000's</u>
Demolition of Garages	40	20	20
Moss Road Reema Flats Redevelopment	2,171	1,638	1,968
Green Lane New Build	1,980	50	-
Development of Former Garage Sites	-	1,580	1,580
Repurchase of vacant former Council Dwellings	177	-	-
Provision of additional Council Dwellings	-	940	1,000
Disabled Facilities Works (Council Dwellings)	500	510	520
Right to Compensation (Tenants Improvements)	5	5	5
Replacement of Kitchens	367	371	375
Replacement of Bathrooms	1,315	1,378	679
Replacement of Central Heating	1,041	1,070	1,082
Void Properties (Decent Homes Works)	512	324	334
External and Environmental Works	1,473	1,419	1,360
Provision of Double Glazing	1,467	1,567	857
Replacement of Social Alarms	180	-	-
Upgrading of Electrical Systems	608	574	579
Asbestos Testing and Removal	100	81	84
Provision of Dropped Kerbs	70	-	-
Replacement of Housing Management IT system	260	-	-
Resurfacing of Drives	100	100	100
Replacement of Housing Service Vehicles	115	24	110
Contingency for unforeseen works	106	107	108
Future Enhancements	37	138	-
TOTAL:	12,624	11,897	10,760