

Report of:	Head of Housing and Head of Finance
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Key Decision:	No
Report Track:	Cabinet 31/01/13

CABINET
31 JANUARY 2013
REVIEW OF THE 2012-13 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

1 Purpose of Report

- 1.1 To review in accordance with the Council's agreed Capital Expenditure Control Procedures and Financial Regulations, the 2012-13 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 2012-13 Housing Revenue Capital Programme as set out in Appendix 2 be noted and approval be given to incur £120,000 of additional scheme costs in respect of the following schemes:-
- | | | |
|------|--------------------------------------|-----------|
| (i) | Kitchen Replacement | - £80,000 |
| (ii) | Void Properties (Decent Homes works) | - £40,000 |
- 2.3 That the position regarding uncommitted Housing Revenue Account Capital Resources be noted and that £5,528,421 of uncommitted resources are carried forward to 2013-14.
- 2.4 That adjustments are made to the dwelling outputs in respect of the central heating, kitchen and bathroom replacement programmes within the 2012-13 Place Priority Delivery Plan as detailed below:-
- | | |
|-----|---|
| (i) | Central Heating Programme – 307 dwellings |
|-----|---|

- (ii) Kitchen Replacement Programme – 110 dwellings
- (iii) Bathroom Replacement Programme – 215 dwellings

3 Key Issues and Reasons for Recommendation

- 3.1 This report presents the quarter three review of the 2012-13 HRA Capital Programme.
- 3.2 Estimated resources for 2012-13 are now forecast to be £12,949,171 as set out in Appendix 1. This compares to the estimate of £10,920,221 when the programme was reviewed on 15 November 2012. The reasons for this £2,028,950 increase in resources are set out in Appendix 3.
- 3.3 Actual expenditure at 31 December 2012 totalled £4,301,572 and represents 59.2% of the previously agreed expenditure target.
- 3.4 Estimated expenditure for 2012-13 is now forecast to be £7,420,750. This compares to the estimate of £7,262,900 when the programme was last reviewed on 15 November 2012. The reasons for this net increase of £157,850 are set out in Appendix 4 and includes £120,000 of additional expenditure on two schemes for which approval is sought.
- 3.5 Following the financing of the estimated 2012-13 HRA Capital Programme it is now estimated that £5,528,421 of uncommitted resources are anticipated to be available. This compares to the estimate of £3,657,321 when the programme was last reviewed on 15 November 2012, an increase of £1,871,100. The £5,528,421 of uncommitted resources will be carried forward to assist in financing the HRA Capital Programme for 2013-14 and future years.
- 3.6 The expenditure variations in relation to the kitchen and bathroom programmes and tenant refusals in respect of the central heating programme will result in changes to the dwelling outputs within the 2012-13 Place Priority Delivery Plan. It is suggested that these are amended in accordance with the revised outputs set out in paragraph 5.6.

4 Relationship to Corporate Priorities

- 4.1 The implementation of the 2012-13 HRA Capital Programme contributes to the service aim to “improve and protect our parks, green spaces and living environment” which forms part of the agreed 2012-13 “Place” Priority Delivery Plan. Specific targets in respect of the capital included within the agreed programme also form part of the Priority Delivery Plan.

5 Report Detail

- 5.1 The 2012-13 HRA Capital Programme was determined by Council on 15 February 2012 and was subsequently reviewed by Cabinet on 21 June and 15 November 2012.

- 5.2 The programme has been reviewed again at the end of the third quarter. A revised estimate of 2012-13 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 15 November 2012 in relation to both estimated available resources and estimated expenditure is summarised below:-

Estimated Position 15 November 2012

	£	£
Resources available		10,920,221
Less Estimated expenditure		7,262,900
Resources carried forward (November 2012)		<u>(A) 3,657,321 (+)</u>

Net Changes in Resources

	£	£
(i) Capital Receipts – Sale of Land (Appendix 3)	1,475,000 (+)	
(ii) Revenue Contribution to Capital Outlay (Appendix 3)	553,950 (+)	
		<u>(B) 2,028,950 (+)</u>

Net Changes in Expenditure

	£	£
(i) Additional Scheme Costs (Appendix 4)	120,000 (-)	
(ii) Budget Savings (Appendix 4)	80,000 (+)	
(iii) Expenditure brought forward from 2013-14	207,850 (-)	
(iv) Reprogramming of Expenditure to 2013-14	50,000 (+)	
(v) Adjustment to Contingency for unforeseen works	40,000 (+)	
		<u>(C) 157,850 (-)</u>

Resources carried forward (31 January 2013) (A)+(B)+(C) (+) 5,528,421

- 5.4 Whilst actual expenditure of £4,301,572 (59.2%) of the previously agreed target appears low, it does not fully reflect the work that has been undertaken on site. All of the agreed schemes within the agreed 2012-13 HRA Capital Programme are currently progressing on site. This includes the structural reinstatement of the Reema houses on the Moss Road Estate which commenced since the last report on 15 November 2012.
- 5.5 As a result, it is expected at this stage that the agreed 2012-13 HRA Capital Programme will be achieved in full.
- 5.6 Details of the progress in achieving the target outputs (in terms of dwelling improvements) which will result from the implementation of the 2012-13 HRA Capital Programme are presented below:-

<u>Scheme</u>	<u>Target Outputs</u> (Number of Dwellings)	<u>Actual Outputs</u> (Number of Dwellings)	<u>%</u>	<u>Revised Outputs</u> (31/1/12)
(i) External Envelope Works	750	525	70%	750
(ii) Central Heating	360	188	52%	307
(a) System Replacement	115	31	27%	62
(b) Boiler and Appliance Renewal	245	157	64%	245
(iii) Replacement of Kitchens	100	96	96%	110
(iv) Replacement of Bathrooms * ¹	360	116	32%	215
(a) Full	200	32	16%	70
(b) Partial	80	18	20%	20
(c) Standard showers	80	66	82%	125
(v) Electrical Upgrading	500	310	62%	500
(vi) Disabled Facilities Works	100	68	68%	100

Note *¹: Programme did not commence on site until August 2012.

- 5.7 The expenditure variations to the kitchen and bathroom programmes set out in Appendix 4 will result in revised dwelling outputs as detailed above. The changes in relation to the bathroom programme also reflect an increase in tenants choosing the more expensive "shower option" resulting in a reduction in the total number of bathroom improvements.

- 5.8 There has also been a decrease in the number of full central heating system replacements due to tenant refusals and none response. The resources “released” by this reduction have, however, been used to meet the need for additional ancillary work in relation to the boiler and appliance renewal programme and it has not therefore been possible to increase the number of outputs from this element of the central heating programme.

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 refurbishment of the communal entrance halls to the three storey communal entrance flats on the Walsall Road Estate will have particular 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 2012-13 HRA Capital Programme and as such does not require a full Equality Impact Assessment to be undertaken at this stage. The impacts of future HRA Capital Programmes on the protected groups will, however, be undertaken as part of an Equality Impact Assessment on the HRA Business Plan when this is reviewed within the Budget Process for 2013-14 and future years.

6.9 **Best Value**

None

7 Appendices to the Report

- Appendix 1: HRA Capital Resources 2012-13
- Appendix 2: HRA Expenditure 2012-13
- Appendix 3: 2012-13 HRA Capital Programme – Resource Variations
- Appendix 4: 2012-13 HRA Capital Programme – Expenditure Variations

Previous Consideration

Housing Revenue Account Capital Programmes 2012-13 to 2014-15	Cabinet	2 February 2012
Housing Revenue Account Capital Programmes 2011-12 and 2012-13	Cabinet	21 June 2012
Review of the 2012-13 Housing Revenue Capital Programme	Cabinet	15 November 2012
Structural Reinstatement of Pre-reinforced Concrete Houses	Cabinet	20 December 2012
Review of the Housing Revenue Account Business Plan	Cabinet	17 January 2013

Background Papers

HOUSING REVENUE ACCOUNT CAPITAL RESOURCES

	Feb 12 £	June 12 £	Nov 12 £	Jan 13 £	Variance £
Resources B/F	243,372	318,206	305,221	305,221	-
RTB Sales (Allowable Attributable Debt)	0	0	150,000	150,000	-
Capital Receipts Sale of Land	50,000	240,000	140,000	1,615,000	1,475,000
Revenue Contributions (i) Planned Maintenance Reserves	234,000	234,000	244,000	244,000	-
(ii) Other	3,796,000	3,796,000	3,808,000	4,361,950	553,950
Major Repairs Allowance	6,233,000	6,233,000	6,233,000	6,233,000	-
Energy Efficiency	50,000	50,000	40,000	40,000	-
Resources Available	10,606,372	10,871,206	10,920,221	12,949,171	2,028,950
Less Committed Expenditure (HRA Schemes)	7,053,000	7,163,900	7,262,900	7,420,750	157,850
Resources Carried Forward	3,553,372	3,707,306	3,657,321	5,526,421	1,871,100

ITEM NO. 12.8

APPENDIX 2

Housing Revenue Account Capital Programme 2012-13 Quarter Three Expenditure Review

CODE	Scheme Detail	2012-13 Programme	2012-13 Programme	2012-13 Programme	2012-13 Actual Expenditure	2012-13 Programme	2012-13 Variance
TOTAL		Feb 12 £	June 12 £	Nov 12 £	31st December 2012 £	Jan 13 £	* £
	<u>SUMMARY – HOUSING</u>						
	Enabling Role	770,000	768,980	768,980	430,835	718,980	(50,000)
	Mandatory Expenditure	567,000	577,000	577,000	433,592	577,000	0
	Improvements	3,262,000	3,268,350	3,338,350	2,000,908	3,586,200	247,850
	Enhancements	2,454,000	2,549,570	2,578,570	1,436,237	2,538,570	(40,000)
	TOTAL	7,053,000	7,163,900	7,262,900	4,301,572	7,420,750	157,850

* The difference between the estimated programme at Nov 2012 and the estimated programme at January 2013.

ITEM NO. 12.9

CODE	Scheme Detail	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
TOTAL		Programme	Programme	Programme	Actual Expenditure	Programme	Variance
		Feb 12	June 12	Nov 12	31st December 2012	Jan 13	
		£	£	£	£	£	£
	<u>ENABLING ROLE</u>						
C705	Demolition of Garages	20,000	20,000	20,000	0	20,000	0
C721	Redevelopment of PRC Dwellings (Reema flats Moss Road Estate)	750,000	748,980	748,980	430,835	698,980	(50,000)
	Sub-Total	770,000	768,980	768,980	430,835	718,980	(50,000)

CODE	Scheme Detail	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
TOTAL		Programme	Programme	Programme	Actual Expenditure	Programme	Variance
		Feb 12	June 12	Nov 12	31st December 2012	Jan 13	
		£	£	£	£	£	£
	<u>MANDATORY EXPENDITURE</u>						
C029	Disabled Facilities Works - Council Dwellings	562,000	572,000	572,000	433,592	572,000	0
C031	Right to Compensation - Tenants Improvements	5,000	5,000	5,000	0	5,000	0
	Sub-Total	567,000	577,000	577,000	433,592	577,000	0

ITEM NO. 12.10

CODE	Scheme Detail	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
TOTAL		Programme	Programme	Programme	Actual Expenditure	Programme	Variance
		Feb 12	June 12	Nov 12	31st December 2012	Jan 13	
		£	£	£	£	£	£
	<u>IMPROVEMENTS</u>						
C680	Kitchen Replacement	1,029,000	470,000	470,000	483,739	550,000	80,000
C724	Bathroom Replacement	511,000	1,070,000	1,070,000	364,824	990,000	(80,000)
C699	Central Heating Programmes: - including the replacement of existing boilers and heating appliances	1,172,000	1,172,000	1,182,000	933,193	1,182,000	0
C695	Void Properties - Decent Homes	200,000	200,000	260,000	201,751	300,000	40,000
C610	Structural Reinstatement of PRC Dwellings (Reema Houses Moss Estate Cornish Houses, Rowley Close Area)	350,000	356,350	356,350	17,401	564,200	207,850
	Sub-Total	3,262,000	3,268,350	3,338,350	2,000,908	3,586,200	247,850

ITEM NO. 12.11

CODE	Scheme Detail	2012-13	2012-13	2012-13	2012-13	2012-13	2012-13
		Programme	Programme	Programme	Actual Expenditure	Programme	Variance
		Feb 12	June 12	Nov 12	31st December 2012	Jan 13	
		£	£	£	£	£	£
	<u>ENHANCEMENTS</u>						
C692	- Upgrading of Electrical Systems:	399,000	399,000	409,000	213,798	409,000	0
C681	External Envelope Works	1,565,000	1,565,000	1,565,000	1,016,570	1,565,000	0
C725	Redesign of Communal Entrance Halls	166,000	166,000	166,000	4,552	166,000	0
C437	Asbestos Testing and removal	100,000	100,000	100,000	52,907	100,000	0
C727	Replacement of Door Entry Systems	100,000	100,000	100,000	9,993	100,000	0
C728	Contingency for unforeseen works	100,000	100,000	72,000	0	32,000	(40,000)
C580	Second Doors to Bungalows		0	10,000	0	10,000	0
C706	Replacement of Housing Service Vehicles	0	95,570	107,570	107,537	107,570	0
C726	Lift Refurbishment Caxton Court	24,000	24,000	31,000	30,880	31,000	0
C735	Unauthorised Alterations Remedial Works		0	18,000	0	18,000	0
	Sub-Total	2,454,000	2,549,570	2,578,570	1,436,237	2,538,570	(40,000)

2012-13 HRA CAPITAL PROGRAMME – RESOURCE VARIATIONS1. Increase in Resources

<u>Resource</u>	<u>Increase in Resources</u>	<u>Reason</u>
1.1 Capital Receipts (Sale of Land)	£1,475,000	Appropriation of the HRA landholdings at the Mill Green Employment Site to the General Fund (as agreed by Cabinet on 17 January 2013 subject to “call in”).
1.2 Revenue Contribution to Capital Outlay (RCCO)	£553,950	Increased RCCO during 2012-13 in accordance with the revised HRA Business Plan recommended by Cabinet on 17 January 2013.
	<u>£2,028,950</u>	

2012-13 HRA CAPITAL PROGRAMME – EXPENDITURE VARIATIONS1. Additional Scheme Costs

<u>Scheme</u>	<u>Additional Scheme Cost</u>	<u>Reason</u>
1.1 Kitchen Replacement	£80,000	Additional requests for kitchen replacement works from tenants included in the 2012-13 programme.
1.2 Void Properties (Decent Homes)	£40,000	Additional need for kitchen replacement and other capital works in respect of void dwellings.
	£120,000	

2. Budget Savings

<u>Scheme</u>	<u>Budget Saving</u>	<u>Reason</u>
2.1 Bathroom Replacement Programme	£80,000	Reduced number of requests for bathroom replacement works from tenants included in the 2012-13 programme.
	£80,000	

3. Expenditure Brought Forward from 2013-14

<u>Scheme</u>	<u>Expenditure Brought Forward</u>	<u>Reason</u>
3.1 Structural Reinstatement of Pre-reinforced Concrete Houses	£207,850	Re-profiling of expenditure following receipt of tenders (as reported to Cabinet 20 December 2012).
	<u>£207,850</u>	

4. Reprogramming of Expenditure to 2013-14

<u>Scheme</u>	<u>Reprogramming of Expenditure to 2013-14</u>	<u>Reason</u>
4.1 Moss Road Reema Flats Redevelopment Scheme (Home Loss and Disturbance Payments)	£50,000	Reprogramming of Disturbance Payments as a result of delays in tenants' claims.
	<u>£50,000</u>	

5. Adjustment to Contingency Budget for Unforeseen Works

<u>Scheme</u>	<u>Contingency Budget Adjustment</u>	<u>Reason</u>
5.1 Void Properties (Decent Homes)	£40,000	Use of contingency budget to meet additional cost of Decent Homes works to void properties.
	<u>£40,000</u>	