

<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 31/01/13 Council 13/02/13</b>

**CABINET  
31 JANUARY 2013  
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2013-14 TO 2015-16**

**1 Purpose of Report**

- 1.1 To introduce the Housing Revenue Account Capital Programme budgets for the period 2013-14 to 2015-16.
- 1.2 To determine a proposed three year Housing Revenue Account Capital Programme for consideration by Council on 13 February 2013.

**2 Recommendations**

- 2.1 That Council are recommended to note the position regarding the estimated availability of Housing Revenue Account capital resources for the period 2013-14 to 2015-16 as set out in Appendix 1.
- 2.2 That Cabinet consider the proposed three year Housing Revenue Account Capital Programme for the period 2013-14 to 2015-16 as set out in Appendix 2, for recommendation to Council on 13 February 2013.

**3 Key Issues and Reasons for Recommendation**

- 3.1 This report considers a proposed three year HRA Capital Programme for the period 2013-14 to 2015-16, which has been formulated within the framework provided by the revised HRA Business Plan recommended by Cabinet on 17 January 2013.
- 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>2013-14</u> £000's	<u>2014-15</u> £000's	<u>2015-16</u> £000's
Resources Brought Forward	5,528	3,016	2,918
New Resources	9,648	12,137	8,074
Total Resources:	<u>15,176</u>	<u>15,153</u>	<u>10,992</u>
Less Proposed Expenditure Programme	(12,160)	(12,235)	(10,212)
Resources Carried Forward	<u>3,016</u>	<u>2,918</u>	<u>780</u>

- 3.4 Cabinet are requested to consider the proposed HRA Capital Programme for recommendation to Council on 13 February 2013.

#### **4 Relationship to Corporate Priorities**

- 4.1 The proposed HRA Capital Programme would contribute to the following service aims, which form part of the proposed 2013-14 "Place" Priority Delivery Plan, to be considered as part of a separate report elsewhere on your agenda, i.e.

- (i) To increase the supply of affordable housing.
- (ii) To maintain and improve the Council's housing stock.
- (iii) Support vulnerable Council tenants to live independently in their own homes.

- 4.2 The delivery of the 2013-14 HRA Capital Programme is also included as a specific action within the proposed 2013-14 "Place" Priority Delivery Plan.

#### **5 Report Detail**

- 5.1 The devolved system of "self-financing" replaced the Housing Revenue Account (HRA) subsidy system with effect from 1 April 2012.

- 5.2 Details of self-financing were reported to Cabinet on 21 July 2011 and are summarised in the separate report on the Housing Revenue Account budget elsewhere on your agenda.

- 5.3 In order to implement self-financing Council on 15 February 2012 approved a 30 year HRA Business Plan. Following the conclusion of the settlement payment and associated borrowing, this plan was revised by Council on 4 July 2012 to account for changes to certain key assumptions.

- 5.4 The agreed Business Plan (as approved by Council on 4 July 2012) was reviewed again by Cabinet on 17 January 2013. A revised Business Plan has

been formulated as a result of this review and has been recommended by Cabinet to Council on 13 February 2013 for approval.

- 5.5 The revised HRA Business Plan has been used to provide the financial framework within which a proposed three year HRA Capital Programme for the period 2013-14 to 2015-16 has been formulated.

### **Estimated Availability of HRA Capital Resources**

- 5.6 Details of the estimated availability of HRA capital resources for the period 2013-14 to 2015-16 are set out in Appendix 1 and are in accordance with the assumptions in the revised Business Plan. These include:-

- (i) Estimated capital resources of £15,000 per Right to Buy (RTB) dwelling sale as a result of “allowable” attributable debt” \*<sup>1</sup> in respect of retained RTB receipts.
- (ii) The continued transfer of other RTB receipts to the value of the “adjusted local authority share cap” \*<sup>1</sup> and the receipts generated by the sale of certain vacant one bedroom bungalows to the General Fund Capital Programme for the provision of private sector disabled facilities grants and affordable housing.
- (iii) The continued use of capital receipts generated from HRA “land sales” as a HRA capital resource, with estimated receipts during the period 2013-14 to 2015-16 being limited to those realised from the sale of former garage sites and other small areas of land.
- (iv) An estimated £3.354 million of Energy Company Obligation resources from British Gas.
- (v) The utilisation of any surplus above the minimum amount required in working balances as a Revenue Contribution to Capital Outlay.

Note \*<sup>1</sup>: As reported to Cabinet 21 June 2012.

### **A proposed HRA Capital Programme 2013-14 to 2015-16**

- 5.7 A proposed HRA Capital Programme 2013-14 to 2015-16 is set out in Appendix 2 and is in accordance with the capital expenditure programme within the revised Business Plan. This proposed programme will deliver:-

- (i) The completion of the structural reinstatement works to the 107 Pre-reinforced concrete houses on the Moss Road Estate and in the Rowley Close area, Pye Green during 2013-14.
- (ii) The continuation of the following planned maintenance programmes:-
  - \* External works.
  - \* Kitchen and bathroom replacement (at an enhanced service standard).

- \* Electrical upgrading with additional provision for complete rewires.
- \* Central heating upgrading including the replacement of all solid fuel heating systems.
- (iii) The provision of external insulation to 470 solid wall rendered properties during 2013-14 and 2014-15 as part of the external works programme.
- (iv) The continuation of the programme of improvements to upgrade the communal areas of communal entrance flat blocks (including decoration, carpeting, internal door replacement and the redesign of certain entrance halls) as part of the external works programme, with works to the 8 traditional flat blocks on the Moss Road Estate being undertaken in 2013-14.
- (v) The introduction of an external curtilage works programme (works to paths, boundary walls, fencing to the front garden or where it adjoins a highway, public footpath or public area of open space only and gates) in 2014-15.
- (vi) The commencement during 2013-14 of a double glazing programme (with double glazing fitted where possible in the existing window frames) to all Council dwellings without this facility, as part of the external works programme.
- (vii) A £1 million programme of environmental improvements to shared car parking areas and communal open space to be introduced in 2014-15 in conjunction with the external curtilage works programme.
- (viii) The introduction of a two bedroom conversion programme in respect of "Type 40" one bedroom bungalows in 2013-14.
- (ix) The provision of 82 Council houses commencing in 2014-15.

## **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 HRA Capital Programme 2013-14 to 2014-15 includes a number of schemes to reduce anti-social behaviour. These include the redesign of

communal entrance halls to the communal entrance flats on the Moss Road Estate and fencing improvements as part of the proposed External Curtilage Works and Environmental Improvement Programmes.

**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 2013-14 to 2015-16 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**

**7 Appendices to the Report**

Appendix 1: Estimated Housing Capital Resources 2013-14 to 2015-16

Appendix 2: Proposed HRA Capital Programme 2013-14 to 2015-16

**Previous Consideration**

Housing Revenue Account Business Plan	Cabinet	21 July 2011
Housing Revenue Account Business Plan	Council	15 February 2012
Reinvigorating the Right to Buy	Cabinet	21 June 2012
Housing Revenue Account Business Plan	Council	4 July 2012

Housing Revenue Account  
Business Plan Review

Cabinet

17 January 2013

**Background Papers**

**ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL  
RESOURCES 2013-14 TO 2015-16**

	<u>2013-14</u> £000's	<u>2014-15</u> £000's	<u>2015-16</u> £000's
<u>Resources Brought Forward</u>	5,528	3,016	2,918
<u>New Resources</u>			
Borrowing	-	3,022	-
RTB sales (Allowable Attributable Debt)	150	225	225
Capital Receipts (Sale of Land)	100	50	50
Major Repairs Allowance	3,211	3,207	3,226
Revenue Contributions to Capital Outlay	4,211	4,255	4,573
Energy Company Obligation Monies	1,976	1,378	-
<u>Total New Resources</u>	<u>9,648</u>	<u>12,137</u>	<u>8,074</u>
<u>Total Capital Resources</u>	<u>15,176</u>	<u>15,153</u>	<u>10,992</u>
Less Proposed Expenditure	(12,160)	(12,235)	(10,212)
<u>Resources Carried Forward</u>	<u>3,016</u>	<u>2,918</u>	<u>780</u>

**PROPOSED HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2013-14 TO  
2015-16**

<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2013-14</u> <u>£000's</u>	<u>2014-15</u> <u>£000's</u>	<u>2015-16</u> <u>£000's</u>
Demolition of Garages	20	20	20
Redevelopment of PRC Dwellings (Reema Flats, Moss Road Estate)	700	-	-
Provision of new Council Houses	-	3,240	3,600
Disabled Facility Works (Council Dwellings)	461	461	461
Right to Compensation (Tenants' Improvements)	5	5	5
Replacement of Kitchens	605	580	575
Replacement of Bathrooms	1,385	1,361	1,374
Replacement of Central Heating	1,025	892	830
Void Properties (Decent Homes Works)	300	300	312
Structural Reinstatement of PRC Dwellings (Moss Road Estate and Rowley Close Area)	1,926	-	-
Redesign of Communal Entrance Halls (Communal Entrance Flat Blocks)	134	-	-
Environmental Improvements	-	140	146
Provision of Double Glazing	957	965	981
Upgrading of Electrical Systems	628	598	553
External Envelope Works (including works to communal areas of communal entrance flat blocks and external insulation)	3,466	2,869	637
External Curtilage Works	-	445	460
Replacement of Fire Alarms (Sheltered Housing Schemes)	40	-	-
Asbestos Testing and Removal	75	50	52



<u>Scheme</u>	<u>Estimated Expenditure</u>		
	<u>2013-14</u> <u>£000's</u>	<u>2014-15</u> <u>£000's</u>	<u>2015-16</u> <u>£000's</u>
Replacement of Housing Service Vehicles	253	209	100
Conversion Works to "Type 40" Bungalows	80	-	-
Contingency for unforeseen works	100	100	106
TOTAL:	<u>12,160</u>	<u>12,235</u>	<u>10,212</u>