

Report of:	Head of Finance and Head of Housing and Partnerships
Contact Officer:	Bob Kean Nirmal Samrai
Telephone No:	01543 464334 01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 30/01/20 Council: 12/02/20

CABINET
30 JANUARY 2020
HOUSING REVENUE ACCOUNT CAPITAL PROGRAMMES 2019-20 TO 2022-23

1 Purpose of Report

- 1.1 To review the 2019-20 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2020-21 to 2022-23.
- 1.3 To present an updated four year Housing Revenue Account Capital Programme for consideration by Council on 12 February 2020.

2 Recommendations

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2019-20 to 2022-23 (as set out in Appendix 1) be noted.
- 2.2 That Council, on 12 February 2020, is recommended to approve the Housing Revenue Account Capital Programme for the period 2019-20 to 2022-23 (as set out in Appendix 2).

3 Key Issues and Reasons for Recommendation

Key Issues

- 3.1 This report considers the refreshed HRA Capital Programme for the period 2020-21 to 2022-23, together with the forecast outturn for 2019-20, compiled within the financial framework provided by the Approved HRA Business Plan.

- 3.2 Details of the estimated availability of HRA capital resources during the four year period are set out in Appendix 1, whilst the HRA Capital Programme is set out in Appendix 2.
- 3.3 The Capital Programme is an interim programme awaiting the revision of the 30 Year Housing Revenue Account Business Plan and associated Housing Investment Strategy. The programme, as approved in 2018-19, includes an allocation of £12.929 million for new social housing.
- 3.4 A Strategy, based upon an options appraisal, to increase social housing based upon the housing needs of the district and land availability is currently being developed. In addition to the current Housing Investment Fund for social housing the Strategy will reflect the opportunities arising from the removal of the borrowing cap for the HRA.

Reasons for recommendation

- 3.5 That Cabinet are required to propose a budget in relation to the HRA Capital Programme for submission to Council on the 12 February.

4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets would contribute to the following strategic objectives, which form part of the Housing Portfolio section within the 2019-20 "More and Better Housing" Priority Delivery Plan, i.e.
- (i) Increase the supply of affordable housing.
 - (ii) Improving the Council's social housing stock.

5 Report Detail

- 5.1 Cabinet at its meeting of the 7 February 2019 noted that the Approved HRA Business Plan remained valid but a new 30 Year Plan needed to be developed Work is ongoing to reflect the full implications of the Governments future Rent policy; a Stock Condition Survey is to be commissioned and a New Build Strategy (including the removal of the borrowing cap on the HRA) is being drafted
- 5.2 A medium term (5 year) capital programme was approved as part of the 2018-19 budget enabling an Interim Investment Strategy to be put in place. The Strategy enabled a £12 million (now at £12.9 million) Housing Investment Fund for the delivery of new social housing to be created based upon a prudent Balanced Revenue Budget.
- 5.3 The new build strategy had been limited by a cap on borrowing as determined by debt arising from the 2012 Self Financing Settlement, as amended by supported borrowing permissions from the Government. However the Government removed this cap on the 29 October 2018 via "The Limits on Indebtedness (Revocation) Determination 2018 ".Borrowing is however restricted in

accordance with the Prudential Code for Capital Finance whereby borrowing needs to be prudent, affordable and sustainable.

- 5.4 The development of a new 30 Year Business will determine the scope for new social housing in addition to the £12.9 million investment fund.
- 5.5 This report therefore provides only a refresh of the existing HRA Capital Programme as approved by Council on 7 February 2019.

HRA Capital Programme 2019-20 to 2022-23

- 5.6 A proposed HRA Capital Programme for 2020-21 to 2022-23, together with the forecast outturn for 2019-20 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 2019-20 HRA Capital Programme.

- 5.7 A number of new contracts have been / are to be procured on an interim basis pending the outcome of the stock condition survey The proposed 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.
 - * Window refurbishment
- (ii) The provision of Council houses.

- 5.8 Expenditure on kitchens and central heating is lower than anticipated over the next few years whereas expenditure on bathrooms and electrical systems shows an increase. The provision of Council Houses is advancing with start on site on the Hawks Green Depot site commencing in the new year. The Council are in the process of acquiring the Aelfgar site from Staffordshire County council with a further Council owned site in Chadsmoor completing this initial £12.9 million programme

- 5.9 In addition to the specific new build sites the Capital programme includes the following new Schemes :

- Sheltered Scheme Works - Major improvements to Communal Areas
- Hillsprings Fire Alarm - Installation of Fire Alarm
- St Barbara Lift Replacement - Complete Lift replacement

- 5.10 The Capital programme has also been amended to accurately reflect the revenue/capital classifications with the following schemes transferred to revenue:

- Void Properties
- Asbestos Testing and Removal
- Fire Assessments

Estimated Availability of HRA Capital Resources

- 5.11 Details of the estimated availability of HRA capital resources for the period 2019-20 to 2022-23 are set out in Appendix 1. These are in accordance with the assumptions in the Business Plan with subsequent adjustments to reflect:-
- (i) The anticipated outturn in respect of the 2019-20 HRA Capital Programme;
 - (ii) The reclassification of void and other expenditure as revenue items
 - (iii) Amendments to the net revenue contribution to capital outlay reflecting both the above and following the detailed budget formulation work in respect of the Housing Revenue Account.
- 5.12 Capital resources show an increase of £1.450 million reflecting the grant from the West Midlands Combined Authority (£0.900 million) and the development of Hawks Green site (£0.550) million. The receipts increasing the New Build gross costs. In addition 1-4-1 capital receipts and affordable housing receipts are forecast to increase by £0.283 million and £0.134 million respectively as compared to the original estimates
- 5.13 Available Capital resources as at 31 March 2023 are now anticipated to be £1.390 million, an increase of £0.518 million as compared to the 2019/20 budget position.

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 four year HRA Capital Programme 2019-20 to 2022-23 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 2019-20 to 2022-23 has been formulated in accordance with the revised Business Plan, the Business Plan EIA also applies to the proposed four 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 2019-20 to 2022-23

Appendix 2: Housing Revenue Account Capital Programme 2019-20 to 2022-23

Previous Consideration

None.

Background Papers

None.

ESTIMATED AVAILABILITY OF HOUSING REVENUE ACCOUNT CAPITAL RESOURCES 2019-20 TO 2022-23

<u>Resource</u>	<u>2019-20</u> £000's	<u>2020-21</u> £000's	<u>2021-22</u> £000's	<u>2022-23</u> £000's	<u>Capital</u> <u>Programme</u>
Resources Brought Forward	6,914	10,302	12,365	12,537	13,130
Borrowing		3,022			
RTB Sales (Allowable Attributable Debt)	405	390	390	390	
WMCA – Grant		450	450		
Capital Receipts Other	593	157	727	144	
Revenue Contributions to Capital Outlay	2,269	1,808	2,180	2,288	
Major Repairs Allowance	3,878	3,932	4,001	4,101	
GBS LEP	105				
Transfer from Reserves:					
Affordable Housing Grant	40				
Total New Resources	<u>7,290</u>	<u>9,759</u>	<u>7,748</u>	<u>6,923</u>	<u>0</u>
Total Capital Resources	<u>14,204</u>	<u>20,061</u>	<u>20,113</u>	<u>19,460</u>	<u>13,130</u>
<u>Less Proposed Expenditure</u>	<u>(3,902)</u>	<u>(7,696)</u>	<u>(7,576)</u>	<u>(6,330)</u>	<u>(11,740)</u>
Agreed resources carried forward	<u>10,302</u>	<u>12,365</u>	<u>12,537</u>	<u>13,130</u>	<u>1,390</u>

APPENDIX 2**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**
2019-20 TO 2022-23

Scheme	<u>19-20</u> <u>£000's</u>	<u>20-21</u> <u>£000's</u>	<u>21-22</u> <u>£000's</u>	<u>22-23</u> <u>£000's</u>	<u>Cap</u> <u>Prog</u>
Demolition of Garages	90				
Moss Road	15				
Development of Former Garage Sites	177				
Disabled Facilities Works	200	1,020	685	689	
Right to Compensation (Tenants Improvements)	5	5	5	5	
Replacement of Kitchens	55	95	238	713	
Replacement of Bathrooms	150	148	1,037	887	
Replacement of Central Heating	960	883	878	866	
External and Environmental Works	605	983	2,180	2,207	
Provision of Double Glazing	10	13	13	13	
Replacement of Social Alarms	1	1	1	1	
Upgrading of Electrical Systems	510	851	725	729	
Provision of Proposed Kerbs	2				
Resurfacing of Driveways		100	100	100	
Replacement of Housing Service Vehicles	335	162	147		
Contingency	60	115	117	120	
Sheltered Scheme		280			
Hillsprings Fire alarm		30			
St Barbara Lift replacement		30			
Hawks Green	727	1,380	1,450		
Aelfgar Site		1,600			
New Build					9,240
Stock Condition survey					2,500
TOTAL:	<u>3,902</u>	<u>7,696</u>	<u>7,576</u>	<u>6,330</u>	<u>11,740</u>