

ANGUS COUNCIL

**NEIGHBOURHOOD SERVICES COMMITTEE – 20 AUGUST 2009
CORPORATE SERVICES COMMITTEE – 3 SEPTEMBER 2009**

HOUSING CAPITAL AND PLANNED MAINTENANCE PROGRAMME - HRA BLOCK – 2009/2010

**JOINT REPORT BY THE DIRECTOR OF NEIGHBOURHOOD SERVICES AND THE DIRECTOR
OF CORPORATE SERVICES**

**ABSTRACT: CAPITAL AND PLANNED MAINTENANCE MONITORING REPORT JUNE
2009**

This report relates to the [Housing Revenue Account](#) (HRA) Capital and Planned Maintenance Programmes for 2009/10. It sets out the actual capital and planned maintenance spends to 30 June 2009 together with a projected outturn for the year to 31 March 2010 and updated funding proposals.

1 RECOMMENDATION

1.1 It is recommended that the respective Committees note:

- i. the expenditure figures presented for the [Housing Capital](#) and Planned Maintenance programmes for the period to 30 June 2009;
- ii. the capital receipts position for the period to 30 June 2009;
- iii. the projected year end capital and planned maintenance expenditure positions and updated indicative funding proposals;
- iv. that relevant officers are endeavouring to ensure that the capital programme and planned maintenance programme remains within overall available resources.

2 BACKGROUND

2.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council's Financial Regulations. To ensure that budgetary control is exercised in line with those Regulations, regular monitoring reports covering the Housing Capital and Planned Maintenance Programmes are presented to the Neighbourhood Services and Corporate Services Committees throughout the year to keep members advised of any critical issues.

2.2 Notwithstanding the 6 weekly cycle of committee meetings however, detailed monitoring is carried out on a monthly basis by Housing, Property and Finance officers.

3 2009/2010 CAPITAL BUDGET

3.1 Monitoring of performance is against the agreed capital programme. The net budget agreed at the Neighbourhood Services Committee (Special Meeting) on 17 February 2009 (report 133/09 refers) was £10,389,000 taking account of the estimated resources available.

3.2 In line with normal General Fund practice, the Housing Financial Plan 2008/2012 is currently being updated to reflect any over and underspends within individual projects

at the end of financial year 2008/09. Significant project issues which are known at this time (e.g. Mayfield, Arbroath and Southesk Street, Montrose - as per 5.2 and 5.11 below respectively) will also be reflected. This updated Financial Plan will contain the 2009/10 Housing capital monitoring budget which will be the basis for monitoring throughout the remainder of the financial year. The updated Financial Plan will be published as part of the Council's Final Capital Budget Volume, following its presentation to the Corporate Services Committee on 3 September 2009.

- 3.3 At the time of setting the budget, estimated resources assumed to be available to finance the above programme were as detailed in table 1 below. For clarity prudential borrowing is not actually undertaken at the time of setting the budget or throughout the course of the year, but is only undertaken if required once the year end capital expenditure, capital receipts and revenue account positions are finalised.

Table 1

Capital Budget	2009/10
Approved Funding Sources	£,000
Prudential Borrowing	3,732
Capital Receipts	1,480
CFCR	5,177
Total Funding Sources	10,389

4 2009/2010 CAPITAL MONITORING UPDATE

- 4.1 Table 2 below sets out the position of the overall Housing Capital Programme for 2009/10 as at 30 June 2009. Appendix 1 gives further detail in respect of the 2009/10 position of capital projects where considered appropriate.
- 4.2 It can be seen from table 2 below and Appendix 1 that the actual spend, achieved to 30 June 2009 on the Housing Capital Programme is £1,610,000, which equates to 15.5% of the original budget of £10,389,000. It is projected at this time that by the end of the 2009/10 financial year expenditure will amount to some £10,333,000. The main reasons for this position are highlighted in Section 5 of this report.

Table 2

Programme	Original Estimate	Actual Expenditure 30 June 2009	Outturn Estimate	Projected over/ (under) spend
	£,000	£,000	£,000	£,000
New Build	41	0	0	(41)
Regeneration	748	10	691	(57)
Conversion	91	0	93	2
Heating Installation	1,023	189	1,183	160
Window Replacement	276	0	280	4
Energy Saving	1	0	6	5
Sheltered Housing	406	177	641	235
Kitchen Replacement	6,005	1,165	5,871	(134)
Bathroom Replacement	13	0	10	(3)
Aids and Adaptations	427	48	447	20
Improvements	922	2	664	(258)
Miscellaneous	436	19	447	11
Total Programme	10,389	1,610	10,333	(56)

5 COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

5.1 New Build

At this time there is projected to be a zero net spend on the New Build Programme in financial year 2009/10. It is anticipated that the initial gross expenditure totalling £140,000 in 2009/10 will be funded from a bid to be submitted in the autumn for Round 2 “kick starting council house building” grant.

5.2 Regeneration

Projected spend for 2009/10 has decreased in this area by some £57,000 mainly due to the following:

Mayfield and Cliffburn Area, Arbroath (£38,000)

Members will be aware of the ongoing delays with the above project. The difficulties in getting proprietors to sign legal agreements to date, has resulted in elements (£38,000) of the project slipping into financial year 2010/11.

Members are asked to note however that a meeting was held on 5 August 2009 with the shop owners where property services and housing discussed the options for an on site start date now all agreements have been received. As a result of that meeting, project work is not now scheduled to begin on site until around the end of January 2010. Members are also referred to the more detailed update in respect of this project which is also on this agenda (report 603/09 refers).

This further delay to the start on site will mean that the project will need to be re-phased and this will be reflected in the Housing capital monitoring budget exercise detailed at 3.2 above.

Noran Avenue Area, Arbroath (£58,000)

The demolition of the last block forming part of the Phase 2 Demolitions at Noran Avenue has been cancelled. The proposed modernisation of properties at Bruce Road are the subject of further investigation by officers from Housing and Property, the results of which will be reflected in the 2010/11 Housing Financial Plan.

These underspends have been offset by additional home loss payments in Kirriemuir and Forfar amounting to £11,000, the repurchase of a property £11,000 and other minor additional costs amounting to £17,000.

5.3 Conversion

There are no significant issues within the Conversions Programme at this time.

5.4 Heating

Projected expenditure for 2009/10 has increased by some £160,000 due to slippage in the 2008/09 programme relating to the Extension to Contract 3 (Arbroath/Carnoustie).

5.5 Window Replacement

There are no significant issues within the Window Replacement Programme at this time.

5.6 Energy Saving

There are no significant issues within the Energy Savings Programme at this time.

5.7 Sheltered Housing

Expenditure in this area is projected to increase by some £235,000 in 2009/10.

This is mainly due to: the inclusion of a contribution of £50,000 to the upgrade of the Warden Call Telecare Systems in conjunction with Social Work & Health; additional works amounting to £69,000 in respect of the upgrade and refurbishment at Newington Gardens, Brechin; and £44,000 in respect of upgrading balconies and balustrades as part of the Modernisation and Lift Replacement project at Springfield, Forfar. There was also slippage from 2008/09 of £45,000 due to a revised delivery period for a lift replacement at South Esk Court, Ferryden.

5.8 Kitchen Replacement

Projected expenditure in financial year 2009/10 is to decrease from the original budget by some £134,000 mainly due to successful programme acceleration during the 2008/09 financial year.

5.9 Bathroom Replacement

There are no significant issues within the Bathroom Replacement Programme at this time.

5.10 Aids and Adaptations

There are no significant issues within the Aids and Adaptations Programme at this time.

5.11 Improvements

Projected expenditure in 2009/10 is to decrease by £258,000 mainly due to revision of the programme to allow for additional checking and subsequent clarification of tender returns for Southesk Terrace, Montrose – Phase 2. This project is likely to be further re-phased subject to members' approval of the tender return report also on this agenda (report 568/09 refers) and this will be reflected in the Housing capital monitoring budget exercise detailed at 3.2 above.

5.12 Miscellaneous

There are no significant issues on any Miscellaneous Projects at this time.

6 2009/2010 CAPITAL FUNDING UPDATE

6.1 As noted at 3.3 above, £1,480,000 of capital receipts is assumed for budget purposes in respect of the financing of the 2009/10 HRA capital programme; a significant element of this sum is anticipated to be generated from the sale of Council Houses. Other asset sales and miscellaneous receipts also contribute to the overall capital receipts total.

6.2 The financing position of the capital programme is constantly under review and it should be noted that for the period to 30 June 2009 overall Capital Receipts amounted to £396,800. House sales amounted to £144,000 of this and land and other asset sales totalled £252,800. Members are asked to note that during the same period in 2008/09 overall receipts amounted to £829,276 - a reduction in 2009/10 therefore of £432,479 (52%).

6.3 Whilst it is too early in the financial year to project the end of year receipts position with any accuracy, if the current levels of house sales continued as a trend for the remainder of the financial year, overall receipts would total approximately £830,000 - some £650,000 (44%) below the original £1,480,000 budget assumption as shown in 3.3 above. Report 548/09 also on the agenda of this meeting, gives further detail in

respect of house sales to date and highlights that the position will be closely monitored during the remainder of the year.

- 6.4 Were the currently projected expenditure outturn on the Housing Capital programme to be the actual position at the end of the financial year and should anticipated receipts fall short as highlighted above, the funding available would not be sufficient to support the 2009/10 HRA Capital Programme. In these circumstances it would be necessary for Housing and Finance officers to identify an alternative funding package.
- 6.5 Members are asked to note however that options are likely to be limited in this regard, given the current level of HRA balances (£1,174,000 per the 31 March 2009 unaudited accounts). It is likely that the main options available to address any funding shortfall will be a managed underspend position; increased borrowing; or a combination of both.
- 6.6 To inform this process, account will be taken of the work undertaken by external consultants to develop a longer term business plan for the Housing Division, an update on which is being reported to members at this committee cycle (report 546/09 refers). Officers from Housing and Finance will reflect as appropriate the results of the exercise in the Housing and Planned Maintenance Monitoring Report at future Neighbourhood Services Committees.
- 6.7 Purely for indicative purposes at this time, Table 3 below shows a potential funding package whereby levels of borrowing are increased by a net £594,000. Whereof £650,000 represents the shortfall in receipts offset by the projected underspend in the capital programme of £56,000.

Table 3

2009/10 Capital Budget		
Revised Funding Sources	£,000	£,000
Borrowing		4,326
Capital Receipts		830
Capital Financed from Current Revenue		5,177
Total Funding Sources		10,333

7 2009/2010 PLANNED MAINTENANCE

- 7.1 Table 4 below shows the level of spend in respect of all elements of the HRA Planned Maintenance Programme for the period to 30 June 2009. It can be seen from table 4 that the spend to 30 June 2009 is approximately £362,000 which equates to 16.5% of the original budget of £2,198,000.
- 7.2 It is anticipated at this time that by the end of the financial year, projected expenditure will be in line with the originally budgeted position.

Table 4

Programme	Original Estimate £,000	Actual Expenditure 30 June 2009 £,000	Outturn Estimate £,000	Projected over/ (under) spend £,000
Energy and Fuel Poverty	30	0	30	0
Roof Replacement	38	0	38	0
Electrical – Rewires	100	14	100	0
Boundaries – Fencing & Walls	93	26	93	0
Chimney Repairs	1	0	1	0
Bathrooms	0	0	0	0
Guttering	115	0	109	(6)
Doors	3	0	9	6
Repaints	820	116	820	0
Gas Maintenance	903	205	903	0
Communal Power	66	1	66	0
Stock Survey & Database	24	0	24	0
Hazardous Materials	5	0	5	0
Total Programme	2,198	362	2,198	0

8 FINANCIAL IMPLICATIONS

8.1 The financial implications for the Council arising from the recommendations in this report are as detailed in the body of the report (section 6.7 in particular), the accompanying appendix and as summarised in table 5 below.

Table 5

	Budget £,000	Outturn £,000
Unaudited HRA Balance as at 01/04/09	1,174	1,174
Use of HRA Balances - Capital	0	0
Anticipated HRA Balance at 31/03/10 before applying HRA Surplus / Deficit for the year.	1,174	1,174

8.2 The unaudited HRA balances detailed shown in table 5 are those which remain at the end of financial year 2008/09 and it is not envisaged there will be any calls on this position during financial year 2009/10 in order to maintain a reasonable contingency against unforeseen circumstances.

9 HUMAN RIGHTS IMPLICATIONS

9.1 There are no Human Rights implications arising from this report.

10 EQUALITIES IMPLICATIONS

10.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

11 CONSULTATION

11.1 The Chief Executive and the Heads of Finance, Law and Administration, Property and Housing have been consulted on the contents of this report.

12 CONCLUSION

- 12.1 This report sets out the Capital and Planned Maintenance spend position for the period to 30 June 2009 for members' information. The indicative end of year funding position has been reviewed and aligned to the spend and receipts projection positions.

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NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Finance/IL/KL/DW