

ANGUS COUNCIL

**NEIGHBOURHOOD SERVICES COMMITTEE – 8 OCTOBER 2009
CORPORATE SERVICES COMMITTEE – 22 OCTOBER 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
AUGUST 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 31 August 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 31 August 2009;
- ii. the capital receipts position for the period to 31 August 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 The Housing Financial Plan 2008/2012 was updated to reflect any over and underspends which occurred within individual projects at the end of financial year

2008/09, together with any rephasing of 2009/10 projects. This updated Financial Plan resulted in the 2009/10 Housing capital monitoring budget amounting to a total of £9,759,000 which will now be the basis for monitoring throughout the remainder of the financial year. The updated Financial Plan was published as part of the Council's Final Capital Budget Volume which was presented to the Corporate Services Committee on 3 September 2009 (Report 626/09 refers).

- 3.3 Estimated resources assumed to be available have also been revised to accommodate the 2009/10 monitoring budget and are 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 Monitoring Budget	2009/10
Approved Funding Sources	£,000
Prudential Borrowing	3,219
Capital Receipts	1,480
CFCR	5,060
Total Funding Sources	9,759

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 31 August 2009 in comparison to the monitoring budget position. 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 ([All projects](#) & [Summary](#)) that the actual spend, achieved to 31 August 2009 on the Housing Capital Programme was £3,014,000. This equates to 30.9% of the monitoring budget of £9,759,000. It is projected at this time that by the end of the 2009/10 financial year, expenditure will amount to some £9,663,000. The main reasons for this position are highlighted in Section 5 of this report.

Table 2

Programme	Monitoring Budget	Actual Expenditure 31 August 2009	Outturn Estimate	Projected over/ (under) spend
	£,000	£,000	£,000	£,000
New Build	0	0	0	0
Regeneration	304	14	300	(4)
Conversion	93	22	94	1
Heating Installation	1,183	308	1,183	0
Window Replacement	280	0	280	0
Energy Saving	6	0	6	0
Sheltered Housing	641	242	543	(98)
Kitchen Replacement	5,871	2,298	5,872	1
Bathroom Replacement	10	0	10	0
Aids and Adaptations	447	88	447	0
Improvements	594	10	596	2
Miscellaneous	330	32	332	2
Total Programme	9,759	3,014	9,663	(96)

5 COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

5.1 New Build

Proposals for the new build properties at Monifieth included in the current year capital programme are now planned to start in financial year 2010/11 as the results of the Round 2 “kick starting council house building” grant will not be known until later in the financial year . Futher updates on this position will be presented to members once the result of the bid is known.

5.2 Regeneration

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

5.3 Conversion

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

5.4 Heating

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

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 decrease by some £98,000 in 2009/10. This is mainly due to revised proposals being developed for Lift Replacements at Balmain and Murray Courts in Montrose resulting in slippage in the project programme.

5.8 Kitchen Replacement

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

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

There are no significant issues in the improvements programme at this time.

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 with a significant element of this sum 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 31 August 2009 overall Capital Receipts amounted to £692,163. House sales amounted to £428,800 of this and land and other asset sales totalled £263,363. Members are asked to note that during the same period in 2008/09 overall receipts amounted to £1,102,476 - a reduction in 2009/10 therefore of £410,313 (37%).
- 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 receipts continued as a trend for the remainder of the financial year, receipts would total approximately £1,294,000 (House Sales £1,029,000 and Other Receipts £265,000), some £186,000 (13%) below the original £1,480,000 budget assumption as shown in 3.3 above. Members should note this position is somewhat better than projected to be the position when reported to committee in August (report 545/09 refers). At that time overall receipts were to be anticipated to be no more than £830,000 for the full financial year. Members should also note that "right to buy" applications at this time are 43% below those of this time last year and that this position may also impact on the total receipts for the financial 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 The work undertaken by external consultants to develop a longer term business plan for the Housing Division, is being finalised presently and 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 £90,000. whereof £186,000 represents the shortfall in receipts offset by the projected underspend in the capital programme of £96,000.

Table 3

2009/10 Capital Budget		
Revised Funding Sources	£,000	£,000
Borrowing		3,309
Capital Receipts		1,294
Capital Financed from Current Revenue		5,060
Total Funding Sources		9,663

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 31 August 2009. It can be seen from Table 4 that the spend to 31 August 2009 is approximately £612,000 which equates to 27.8% of the original budget of £2,198,000.

7.2 The overspend position on Repaints, Hazardous Materials and Stock Surveys and the underspend position on Boundaries, Guttering and Electrical against the original budget reflects the results of a more detailed programme of works being identified. It is however 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 31 August 2009 £,000	Outturn Estimate £,000	Projected over/ (under) spend £,000
Energy and Fuel Poverty	30	0	30	0
Roof Replacement	38	3	41	3
Electrical – Rewires	100	62	88	(12)
Boundaries – Fencing & Walls	93	27	27	(66)
Chimney Repairs	1	0	1	0
Guttering	115	1	81	(34)
Doors	3	0	9	6
Repaints	820	176	903	83
Gas Maintenance	903	340	903	0
Communal Power	66	1	66	0
Stock Survey & Database	24	2	30	6
Hazardous Materials	5	0	19	14
Total Programme	2,198	612	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 at this time 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 31 August 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