

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 15 NOVEMBER 2016

HOUSING CAPITAL MONITORING REPORT – 2016/17

REPORT BY THE HEAD OF PLANNING AND PLACE

ABSTRACT

This report relates to the Housing Revenue Account (H R A) Capital performance to date in 2016/17. It sets out the actual capital spend to 30th September 2016 together with projected outturns for the year to 31 March 2017 and any required updated capital funding proposals.

1 RECOMMENDATIONS

It is recommended that the Committee review and scrutinise:

- 1.1 the contents of this report; and
- 1.2 the projected year end positions on capital expenditure, and the indicative funding proposals for the programme.

2 ALIGNMENT TO THE ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT / CORPORATE PLAN.

This report contributes to the following local outcomes in the single outcome agreement:

- 2. Angus is a good place to live in, work in and visit
- 7. Our communities are safe, secure and vibrant
- 9. Individuals are supported in their own communities with good quality services
- 10. Our communities are developed in a sustainable manner

3 BACKGROUND

- 3.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council's Financial Regulations. This report seeks to ensure that budgetary control is exercised in line with those Regulations.

4 2016/2017 CAPITAL BUDGET

- 4.1 Following members approval of the capital monitoring budget amounting to £10,278,000 at the Communities Committee on 27th September 2016 Report 348/16 refers, the latest estimates on this position will continue to be presented to members at future Communities Committee's throughout the financial year.

5 2016/2017 CAPITAL MONITORING OUTTURN POSITION

- 5.1 Table 1 below sets out the position of the overall Housing Capital Programme for 2016/17 as at 30 September 2016. It may be noted that the actual spend achieved to 30 September 2016 on the Housing Capital Programme is £3,010,000 which equates to 29.3% of the monitoring budget of £10,278,000. It is projected at this time, by the end of the financial year 2016/17 net expenditure will total £9,404,000 which represents a potential underspend of £874,000 (8.5%). The main reasons for this are contained in section 6 below.

Table 1 – Housing Capital Programme

Programme	Monitoring Budget	Actual Expenditure 30 September 2016	Latest Estimate	Projected (over)/ under Spend
	£,000	£,000	£,000	£,000
New Build and Shared Equity	3,775	1,387	3,089	686
Conversion	57	1	89	(32)
Aids and Adaptations	635	268	635	0
Improvements	30	0	18	12
Heating Installation	2,015	698	2,015	0
Window Replacement	292	37	292	0
Energy Saving	2,153	398	2,065	88
Sheltered Housing	173	38	133	40
Kitchen Replacement	295	172	433	(138)
Bathroom Replacements	230	0	210	20
Miscellaneous	623	11	425	198
Total Programme	10,278	3,010	9,404	874

6 COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

6.1 Members are asked to note that the commentary provided in part 6 of this report is on an exception basis. Where there is no narrative, there are no significant issues to report at this time.

New Build

The new build programme is likely to reduce by £686,000, mainly due to the following;

Chapelark Forfar - additional structural works required to stabilise internal walls therefore contractors are behind the scheduled programme (£200,000).

Purchase of Houses Programme - reduced to support other areas of the Strategic Housing Investment Programme (SHIP) in future years (£500,000).

Land Acquisition and Strategic Housing Enablement - Areas for development and acquisition are being investigated however no significant sites are available for conclusion in 2016/17. In addition funding has been adjusted to support the SHIP in future years (£248,000).

Partly offsetting the above underspends Scottish Government Affordable Housing Grant originally planned to assist in proposed purchase of the Damacre site at Brechin is now to be utilised to support other elements of the (SHIP) programme (£250,000). The proposed purchase of the Damacre site would now be fully funded from HRA Capital programme.

Other minor net overspends (£12,000)

Energy Saving

Energy Saving programmes are likely to reduce by (£88,000) this year mainly due to;

Prosen Road Kirriemuir – Property staff are finalising the brief and agreeing the extent of additional works to include Windows, Doors and Guttering (£107,000).

Other minor net overspends (£19,000)

Sheltered Housing

The above programme is likely to underspend this year by (£40,000) due to Boiler Replacements being reprogrammed until the summer 2017.

Kitchen Replacement Programme

As a result of additional properties being included in the current year's programme spend on Kitchen replacements is anticipated to increase by (£138,000) this year.

Miscellaneous

Garages to be upgraded have been reviewed to accommodate a revised list of properties based on the new build requirements and programme for garage sites. This has resulted in an underspend of (£198,000) this financial year.

Members will note officers from Housing, Property and Finance will continue to review the programme and look for opportunities to bring forward programmes from future years where practical and possible to reduce the anticipated slippage in the current year.

7 2016/2017 CAPITAL RECEIPTS UPDATE

- 7.1 As members may also have previously noted Tenants Right to Buy their Council Houses ended on the 1st August 2016 and as a result there has been a significant increase in Right to Buy applications received prior to this date.
- 7.2 Actual receipts to the end of September 2016 total £1,638,650 arising from 34 house sales. There are currently a further 62 applications totalling around £2,750,000 currently at various stages of processing. At present 22 of these have confirmed dates of entry in financial year 2016 /17 with related receipts totalling some £940,100. This leaves 40 applications still to be concluded.
- 7.3 Assuming a further 20 applications amounting to some £1,000,000 finalise with entry dates during financial year 2016/17 overall capital receipts are projected to total £3,528,750 this financial year (after allowing for the projected administration costs £50,000).
- 7.4 Members will however note from the Housing Capital Programme that a total of some £1,350,000 is thought to be sufficient to finance the programme this year. As a result it is now intended that any additional capital receipts received in financial year 2016/17 will be carried forward for use in the following financial year to help offset the initial impact of the reduction in capital receipts following the abolition of the Right to Buy.
- 7.5 Notwithstanding the above, capital receipts will continue to be reported as part of the capital monitoring position during the financial year 2016/17. The capital receipts position for 2016/17 as at 30 September 2016 is as shown in Table 2 below. Further detail on a ward by ward basis regarding the receipts from house sales and the levels of housing stock is contained in **Appendix 2**.

Table 2 – Capital Receipts Position

Receipt Type	Monitoring Budget for Year	Actual Receipts 30 Sept 2016	Projected Final Receipts Position	Projected Increase Monitoring Budget
	£	£	£	£
House Sales	1,350,000	1,638,650	3,578,750	2,228,750
Other Sales (Land)	0	0	0	0
Miscellaneous Receipts	50,000	0	0	(50,000)
Total Capital Receipts	1,400,000	1,638,650	3,578,750	2,178,750
Less Estimated Full Year Administration Costs	(50,000)	(25,000)	(50,000)	0
Net Capital Receipts	1,350,000	1,613,650	3,528,750	2,178,750

- 7.6 Any potential consequences for the funding of the 2016/17 capital programme are addressed in Section 8 below.

8 2016/2017 CAPITAL FUNDING UPDATE

- 8.1 At the time of setting the 2016/17 monitoring budget, estimated resources assumed to be available to finance the capital programme were as detailed in Table 3 below. These resources have been reviewed to reflect the 2016/17 latest estimated capital expenditure and receipts, and this position is also detailed in Table 3 along with any projected funding movements.
- 8.2 The financing position of the capital programme will be kept under regular review throughout the year and the updated projected potential funding package reported to a number of the Communities Committees throughout the year.

Table 3 - Capital Funding

2016/17 Capital Budget	Monitoring Budget Funding	Projected Funding Movement (Increase)	Projected Year End Funding
Funding Sources	£,000	£,000	£,000
Prudential Borrowing	0	0	0
Capital Receipts	1,350	0	1,350
Capital Financed from Current Revenue	7,324	0	7,324
Transfer from Earmarked Reserves	1,604	874	730
Total Funding Sources	10,278	874	9,404

- 8.3 Given the reduction in the projected year end funding it is envisaged that the intended use of HRA balances (Earmarked Reserves) will be reduced.

9 FINANCIAL IMPLICATIONS

- 9.1 The financial implications for the Council arising from the recommendations in this report are as detailed in the body of the report, the accompanying appendices and as summarised in Table 4 below.
- 9.2 Members will note that the use of audited HRA balances totalling £5,691,000 are included in Table 4 below outlining continued investment in existing stock to maintain properties at or above the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (ESSH) as well as delivering on our commitment to continue the New Build Housing Programme over the next 4 years.

Table 4 - HRA Balances

	Monitoring Budget £,000	Projected Outturn £,000
Audited Housing Balance as at 01/04/17	5,691	5,691
Less Minimum Balance Requirement	(1,000)	(1,000)
Audited Available Housing Balance as at 01/04/16	4,691	4,691
<u>Known / Potential Commitments:</u>		
One-Off Expenditure/Early Debt Repayment	0	0
New Build Housing /ESSH	(4,691)	(4,691)
Total Known / Potential Commitments	(4,691)	(4,691)
Audited Available Housing Balance as at 01/04/17 after allowing for known / potential commitments	0	0
Add: Anticipated Housing Revenue Account Surplus	0	527
Anticipated Uncommitted Housing Balance at 31/03/17 after applying anticipated surplus for the year.	0	527

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.

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List of Appendices:

Appendix 1
Appendix 2