

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 27 SEPTEMBER 2016

HOUSING FINAL CAPITAL BUDGET VOLUME 2015-19 AND CAPITAL MONITORING REPORT 2016/17

JOINT REPORT BY THE HEAD OF CORPORATE IMPROVEMENT AND FINANCE AND HEAD OF PLANNING AND PLACE

ABSTRACT

This report presents to members the updated 2015/19 Housing Revenue Account (H R A) Financial Plan (incorporating the 2016/17 capital monitoring budget which will be reflected in the 2016/17 Final Capital Budget Volume.

1 RECOMMENDATIONS

It is recommended that the Committee reviews and scrutinises the contents of the report;

1.1 Approves, the contents of the updated HRA Financial Plan as will be reflected in the 2016/17 Final Capital Budget Volume, full details are contained at Appendix 1

1.2 Notes that the 2016/17 capital budget represents the Council's approved budget for capital monitoring purposes

1.3 And notes the actual and outturn position on the HRA capital programme as at 31 August 2016.

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 the financial plan and 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 Should members approve the contents of the updated HRA Financial Plan (Appendix 1) including the capital monitoring budget amounting to £10,278,000 at this meeting the latest estimates on this position will be presented to members at future Communities Committee's during 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 31 August 2016. It may be noted that the actual spend achieved to 31 August 2016 on the Housing Capital Programme is £2,914,000 which equates to 28.4% of the monitoring budget of £10,278,000. Given that the monitoring budget has recently been determined, the latest projection on spend by the end of the financial year 2016/17 will remain unchanged at this time.

Table 1 – Housing Capital Programme

Programme	Monitoring Budget 2016/17	Actual Expenditure 31 August	Latest Estimate	Projected (over)/ under Spend
	£,000	£,000	£,000	£,000
New Build and Shared Equity	3,725	1,683	3,725	0
Conversion	107	7	107	0
Aids and Adaptations	635	38	635	0
Improvements	30	0	30	0
Heating Installation	2,015	683	2,015	0
Window Replacement	292	37	292	0
Energy Saving	2,153	262	2,153	0
Sheltered Housing	173	2	173	0
Kitchen Replacement	295	69	295	0
Bathroom Replacements	230	0	230	0
Miscellaneous	623	133	623	0
Total Programme	10,278	2,914	10,278	0

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 however there are no significant issues to report at this time

7 2016/2017 CAPITAL RECEIPTS UPDATE

- 7.1 As Members may have previously noted Tenants Right to Buy their Council Houses ended on the 1st August 2016 and it is now clear that there has been a significant increase in Right to Buy applications received prior to this date.
- 7.2 Members will also note that actual receipts to the end of August total £857,650 after deduction of estimated administration costs. There have been 21 house sales to date with 57 applications currently at various stages in the pipeline and at present 20 of these have confirmed dates of entry in financial year 2016 /17 totalling some £960,550.
- 7.3 Based on the above – and assuming 25 of applications amounting to some £750,000 crystallise and there were no other sales or miscellaneous receipts, overall capital receipts could total approximately £2,518,000 this financial year (after allowing for the projected administration costs).
- 7.4 Members will however note from the Housing Capital Programme detailed in the Financial Plan 2015-19 (Attached at Appendix 1) 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 31 August 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 31 Aug 2016	Projected Final Receipts Position	Projected Variance Increase (Decrease)
	£	£	£	£
House Sales	1,350,000	878,650	1,350,000	0
Other Sales (Land)				
Miscellaneous Receipts	50,000	0	50,000	0
Total Capital Receipts	1,400,000	878,650	1,400,000	0
Less Estimated Full Year Administration Costs	(50,000)	20,833	(50,000)	0
Net Capital Receipts	1,350,000	857,817	1,350,000	0

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 4 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 4 below 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 4 - 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	0	1,604
Total Funding Sources	10,278	0	10,278

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 5 below.

9.2 Members will note that the use of as yet unaudited HRA balances totalling £5,691,000 are included in Table 5 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.

Table 5 - HRA Balances

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

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 Financial Plan
Appendix 2 House Sales By Ward