

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 14 NOVEMBER 2017

HOUSING CAPITAL MONITORING REPORT – 2017/18

REPORT BY THE HEAD OF HOUSING, REGULATORY AND PROTECTIVE SERVICES

ABSTRACT

This report relates to the Housing Revenue Account (H R A) Capital performance to date in 2017/18. It sets out the actual capital spend to 31 August 2017 together with projected outturns for the year to 31 March 2018 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 2017/2018 CAPITAL BUDGET

- 4.1 The H R A capital monitoring budget for 2017/18 is £11,874,000. It is expected that there will be no changes allowed to this monitoring budget during the year, resulting in this being the budget against which H R A capital monitoring will be carried out for the remainder of the financial year.

5 2017/2018 CAPITAL MONITORING OUTTURN POSITION

- 5.1 Table 1 below sets out the position of the overall Housing Capital Programme for 2017/18 as at 31 August 2017. It may be noted that the actual spend achieved to 31 August 2017 on the Housing Capital Programme is £3,539,000 which equates to 29.8% of the monitoring budget of £11,874,000. It is projected at this time that by the end of the financial year, net expenditure will total £11,632,000 which represents a potential underspend of £242,000 (2.0%). The main reasons for this are contained in section 6 below.

Table 1 – Housing Capital Programme

Programme	Monitoring Budget	Actual Expenditure 31 August 2017	Latest Estimate	Projected (over)/ under Spend
	£,000	£,000	£,000	£,000
New Build and Shared Equity	5,100	1,764	5,126	(26)
Conversion	102	1	109	(7)
Aids and Adaptations	512	84	512	0
Improvements	26	0	26	0
Heating Installation	1,750	411	1,750	0
Window Replacement	307	0	307	0
Energy Saving	1,529	1,135	1,551	(22)
Sheltered Housing	212	3	213	(1)
Kitchen Replacement	660	102	669	(9)
Bathroom Replacements	660	0	350	310
Miscellaneous	1,016	39	1,019	(3)
Total Programme	11,874	3,539	11,632	242

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 increase by £26,000, mainly due to the following;

Guthrie Hill, Smithycroft Affordable Housing - Delay to start date to accommodate installation of electrical substation by statutory provider (£146,000).

Acquisition of Damacre Centre - Demolition brought forward to 17/18 £154,000.

Other minor net overspends £18,000

Energy Saving

Energy Saving programmes are likely to increase by (£22,000) this year mainly due to;

Inclusion of new works and reduction of the general funding budget line together with other minor adjustments (£22,000)

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 (£9,000) this year.

Bathroom Replacement Programme

Bathroom replacement programme is likely to reduce by (£310,000) this year mainly due to revisions to the programme to accommodate issues identified through the pilot project which is currently on site. There are a number of management issues with the works which require to be resolved prior to procurement of the long term bulk programme.

7 2017/2018 CAPITAL RECEIPTS UPDATE

- 7.1 The right of tenants to buy their Council Houses ended on 1 August 2016 and as a result there was a significant increase in Right to Buy applications received prior to this date.
- 7.2 Table 2 below details the overall capital receipts position, including detail of how many house sales have concluded, have confirmed dates of entry and are still in progress. Those still in progress are currently at various stages of processing.
- 7.3 For monitoring outturn purposes, it has been assumed that the 6 applications still in progress will conclude prior to 31 March 2018. 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	Number of House Sales	Monitoring Budget for Year £	Actual Receipts 30 Aug 2017 £	Projected Final Receipts Position £	Projected Increase Monitoring Budget £
Concluded Sales	24	n/a	1,075,495	1,075,495	n/a
Confirmed Date of Entry	1	n/a	0	31,500	n/a
Still in Progress	6	n/a	0	195,450	n/a
Total House Sales		1,302,445	1,075,495	1,302,445	0
Other Sales (Land)		0	0	0	0
Miscellaneous Receipts		0	0	0	0
Total Capital Receipts		1,302,445	1,075,495	1,302,445	0
Less Estimated Full Year Administration Costs		(25,000)	(25,000)	(25,000)	0
Net Capital Receipts		1,277,445	1,050,495	1,277,445	0

- 7.4 Members will however note from table 3 below that a total of some £2,260,000 from capital receipts is included in the planned financing of the programme this year. This equates to the balance of receipts received up to 31 March 2017 and which is held in reserve on the Council's balance sheet. As a result it is anticipated that any capital receipts received in financial year 2017/18 will be carried forward for use in funding the following year's capital programme.
- 7.5 Any potential consequences for the funding of the 2017/18 capital programme are addressed in Section 8 below.

8 2017/2018 CAPITAL FUNDING UPDATE

- 8.1 At the time of setting the 2017/18 monitoring budget, resources estimated to be available to finance the capital programme were as detailed in Table 3 below. These resources have been reviewed to reflect the 2017/18 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

2017/18 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	2,260	0	2,260
Capital Financed from Current Revenue	7,764	0	7,764
Affordable Housing	500		500
Transfer from Earmarked Reserves	1,350	242	1,108
Total Funding Sources	11,874	242	11,632

8.3 Given the reduction in the projected year end funding requirement, it is envisaged that the intended use of H R A 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 available H R A balances totalling £3,922,222 are included in Table 4 below, reflecting ongoing investment in existing stock to maintain properties at or above the Scottish Housing Quality Standard (S H Q S) and the Energy Efficiency Standard for Social Housing (E E S S H) 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	4,922	4,922
Less Minimum Balance Requirement	(1,000)	(1,000)
Audited Available Housing Balance as at 01/04/17	3,922	3,922
<u>Known / Potential Commitments:</u>		
One-Off Expenditure / Early Debt Repayment	(2,046)	(2,046)
New Build Housing / E E S S H	(1,876)	(1,876)
Total Known / Potential Commitments	(3,922)	(3,922)
Audited Available Housing Balance as at 01/04/17 after allowing for known / potential commitments	0	0
Add: Anticipated Housing Revenue Account Surplus	0	193
Anticipated Uncommitted Housing Balance at 31/03/17 after applying anticipated surplus for the year.	0	193

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 – Capital Monitoring Statement
Appendix 2 – Housing Stock Levels