

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 25 SEPTEMBER 2018

HOUSING CAPITAL MONITORING REPORT – 2018/19

REPORT BY THE HEAD OF COMMUNITIES

ABSTRACT

This report relates to the Housing Revenue Account (H R A) Capital performance to date in 2018/19. It sets out the actual capital spend to 31 July 2018 together with projected outturns for the year to 31 March 2019 and any required updated capital funding proposals.

1. RECOMMENDATIONS

It is recommended that the Committee:

- 1.1 note the updated capital monitoring budget per 4.1 below and **Appendix 1** attached;
- 1.2 review and scrutinise the contents of this report; and
- 1.3 review and scrutinise the projected year end positions on capital expenditure, and the indicative funding proposals for the programme.

2. ALIGNMENT TO THE CORPORATE PLAN / LOCAL OUTCOMES IMPROVEMENT PLAN

This report contributes to the following local outcomes contained within the Angus Local Outcomes Improvement Plan and Locality Plans:

ECONOMY

- 1 An inclusive and sustainable economy
- 3 Attractive employment opportunities

PLACE

- 7 An enhanced, protected and enjoyed natural and built environment
- 8 A reduced carbon footprint
- 9 Safe, secure, vibrant and sustainable communities

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. 2018/2019 CAPITAL BUDGET

- 4.1 The H R A capital monitoring budget for 2018/19 is £12,343,000 as detailed at appendix 1. 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. 2018/2019 CAPITAL MONITORING OUTTURN POSITION

- 5.1 Table 1 below sets out the position of the overall Housing Capital Programme for 2018/19 as at 31 July 2018. It may be noted that the actual spend achieved to 31 July 2018 on the Housing Capital Programme is £1,768,000 which equates to 14.3% of the monitoring budget of £12,343,000. It is projected at this time that by the end of the financial year, net expenditure will be in line with the capital monitoring budget.

Table 1 – Housing Capital Programme

Programme	Monitoring Budget	Actual Expenditure 31 July 2018	Latest Estimate	Projected (over)/ under Spend
	£m	£m	£m	£m
New Build and Shared Equity	3.678	1.164	3.668	0
Conversion	0.301	0	0.301	0
Aids and Adaptations	0.395	0.058	0.395	0
Improvements	0.025	0	0.025	0
Heating Installation	1.850	0	1.850	0
Window Replacement	0.197	0	0.197	0
Energy Saving	2.949	0.164	2.949	0
Sheltered Housing	0.201	0	0.201	0
Kitchen Replacement	1.447	0.225	1.447	0
Bathroom Replacements	0.646	0.085	0.646	0
Miscellaneous	0.654	0.001	0.654	0
Total Programme	12.343	1.768	12.343	0

6. COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

6.1 Whilst there is no variance from the revised monitoring budget to report on at this time, members are asked to note the following projects as being potentially more risky for achievement of budgeted spend in 2018/19 due to their stage of development, the scale of expected spend in 2018/19 or the involvement of other parties.

- **New Build**

Timmergreens, Arbroath – Pre-Construction Services Agreement acceptance issued. Contractor now preparing design and costs for agreement with Housing team. Cash flow details to be agreed with contractor. Some parts of the layouts may need to be re-assessed following public consultation. Currently anticipating construction start in second quarter 2019.

Abbey Quarter, Arbroath - Currently on site and progressing within contract programme. Due to the level of monthly expenditure a small delay could have a significant effect, this will be monitored and any change in estimate reported

Damacre, Brechin – Tender documents being prepared, anticipate start on site first quarter 2019, cash flow to be updated based on tender return.

79-81 High Street, Brechin – Project dependant on purchase of site. Initial offer has been rejected – now awaiting decision of site owner on how they wish to proceed with the sale.

- **Energy Saving**

Energy Saving / Upgrading Building (EESH). Procurement Authority report approved. Extent of works to be finalised and procurement carried out using Scotland Excel and Scottish Procurement Alliance frameworks. Works to tie-in with EESH 2 which requires further investigation of the extent of work required

- **Bathroom Replacement Programme**

Management arrangements to be finalised and learning points from the pilot project to be incorporated into tendering arrangement.

- **Miscellaneous**

Garage Improvement programme – Further works under the general programme to be identified subject to Tenant Steering Group agreeing rent structure options to underpin investment

7. 2018/2019 CAPITAL FUNDING

- 7.1 At the time of setting the 2018/19 monitoring budget, resources estimated to be available to finance the capital programme are as detailed in Table 2 below.
- 7.2 The financing position of the capital programme will be kept under regular review throughout the year and the updated projected potential funding package reported committee.

Table 2 - Capital Funding

2018/19 Capital Budget	Monitoring Budget Funding
Funding Sources	£m
Prudential Borrowing	2.001
Capital Receipts	1.107
Capital Financed from Current Revenue	8.008
Affordable Housing Reserve	0.500
Transfer from Earmarked Reserves	0.727
Total Funding Sources	12.343

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, the accompanying appendix and as summarised in Table 3 below.
- 8.2 Members will note that the use of audited available H R A balances totalling £3,285,000 are included in Table 3 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 3 - HRA Balances

	Monitoring Budget £m	Projected Outturn £m
Audited Housing Balance as at 01/04/18	4.285	4.285
Less Minimum Balance Requirement	(1.000)	(1.000)
Audited Available Housing Balance as at 01/04/18	3.285	3.285
<u>Known / Potential Commitments:</u>		
One-Off Expenditure / Early Debt Repayment	(1.942)	(1.942)
New Build Housing / E E S S H	(1.343)	(1.343)
Total Known / Potential Commitments	(3.285)	(3.285)
Audited Available Housing Balance as at 01/04/18 after allowing for known / potential commitments	0	0
Add: Anticipated Housing Revenue Account Surplus	0	0.748
Anticipated Uncommitted Housing Balance at 31/03/19 after applying anticipated surplus for the year.	0	0.748

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.

STEWART BALL
HEAD OF COMMUNITIES
communities@angus.gov.uk

List of Appendices:

Appendix 1 – Updated Financial Plan and Capital Monitoring Budget