

## **HOUSING CAPITAL PROGRAMME**

### **UPDATED 2017/2022 FINANCIAL PLAN & CAPITAL MONITORING BUDGET 2018/19**

#### Introduction

The Housing Capital Programme covers all capital expenditure which is funded by rental income from Council house tenants. It consists of numerous projects for modernising, converting and improving the Council's housing stock and ensures that the Housing Service continues to maintain all its homes to the Scottish Housing Quality Standard in line with the Scottish Government requirement.

The Council is also committed to increasing the provision of affordable housing in Angus and would like to continue its new build programme to help expand the choices available to customers, and help reduce the housing waiting list.

#### Capital Resources 2018/19

The principal means of funding Housing capital expenditure comes from the following sources:

- borrowing
- capital receipts from the sale of surplus assets
- capital financed from current revenue (CFCR)
- Scottish Government affordable housing grants
- Use of HRA Balances

#### **Borrowing**

In previous years a significant proportion of the Housing Division's capital expenditure has been funded through borrowing. However levels of borrowing vary from year to year and future levels of borrowing will be constrained by the associated capital financing costs the revenue budget can support. This has been informed by the 30 year Business Plan. Members will note it is currently estimated that £2,001,000 borrowing will be required during the financial year 2018/19.

#### **Capital receipts from the sale of Surplus Assets**

Members will note the tenants Right to Buy Scheme was abolished on the 1<sup>st</sup> August 2016. The £1,107,000 capital receipts being applied in funding the capital programme equates to the balance of unapplied receipts received up to 31 March 2018 and which is held in reserve on the Council's balance sheet. Any further capital receipts will be carried forward for use in funding future years' capital programmes, although only very marginal receipts are expected to be available from 2018/19 onwards, towards the funding of the ongoing capital programme.

#### **Contribution from 2018/19 Revenue Budget**

Provision has been made within the 2018/19 Housing revenue budget for £8,008,000 of capital expenditure to be funded from Housing revenue resources during 2018/19. This is broadly in line with the requirement to meet the 30 year business plan outcomes. This contribution alleviates the level of borrowing required to fund 2018/19 capital expenditure and consequently the associated loan charges in future years.

## **Scottish Government affordable housing grants**

The Council continues to utilise where available Scottish Government Grants to support its New Build Housing Programme. During the current financial year some £2,473,000 is anticipated to be received on completion of New Build Projects. Specific Grants such as these are netted off in the body of the financial plan and therefore reduce the current year net expenditure in the plan to £12,343,000. Any such support of this nature assists in the Council's objective of maintaining an affordable New Build Housing Programme by reducing the overall net cost of the building programme and consequently reducing levels of borrowing which would have otherwise been required.

### Use of Balances

Officers from Finance and Housing have reviewed the levels of uncommitted HRA revenue balances held. Following the review, the use of uncommitted funds amounting to £727,000 will support the capital programme this year.

### Capital Monitoring Budget 2018/19

Monitoring of performance is against the agreed capital programme. The net budget agreed at the Communities Committee (Special Meeting) on 6 February 2018 (report 39/18 refers) was £15,100,000 taking account of the estimated resources available.

The Housing Financial Plan has been updated and a 2018/19 capital monitoring budget of £12,343,000 has been established following a comprehensive review of the 2017/2022 Financial Plan. This review reflects the over and underspends positions on individual projects' expenditure for the financial year 2017/18 and updated information on the position regarding specific projects in 2018/19. A summary of the capital monitoring budget is documented below.

The 2018/19 capital monitoring budget of £12,343,000 shows a decrease of £2,757,000 when compared with the position indicated in February (£15,100,000). This has arisen mainly due to the following:

New Build (net decrease of £235,000)

Conversion (decrease of £74,000)

Heating Installation (decrease of £350,000)

Window Replacements (decrease of £248,000)

Kitchen Replacements (decrease of £500,000)

Sheltered Housing (decrease of £503,000)

Bathroom (decrease of £829,000)

HRA 2018/19 Capital Monitoring Budget - Overall Summary

	<u>Actual</u> <u>Expenditure</u> <u>2017/18</u> <u>£m</u>	<u>Capital</u> <u>Monitoring</u> <u>Budget</u> <u>2018/19</u> <u>£m</u>
New Build and Shared Equity	5.508	3.678
Survive and Thrive	(0.017)	0
Conversion	0.007	0.301
Aids and Adaptations	0.405	0.395
Improvements	0.000	0.025
Heating Installations	1.637	1.850
Window Replacement	0.017	0.197
Energy Savings	1.741	2.949
Sheltered Housing	0.158	0.201
Kitchen Replacements	0.799	1.447
Bathroom Replacement	0.181	0.646
Miscellaneous	0.621	0.654
Total	11.057	12.343

The Housing 2018/19 capital budget contained within this volume represent the division's approved budget for capital monitoring purposes. It will be this budget to which the division is required to monitor capital expenditure for the remainder of the 2018/19 financial year.

Based on this updated net position of £12,343,000 and taking account of the estimated use of £1,107,000 general receipts from the sale of assets and the budgeted £8,008,000 contribution from the revenue budget, the use of HRA balances in 2018/19 for capital purposes of £727,000, borrowing is estimated to be £2,001,000.