

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 13 AUGUST 2019

HOUSING REVENUE ACCOUNT FINANCIAL PLAN 2019-23

REPORT BY THE DIRECTOR OF COMMUNITIES

ABSTRACT

This report presents to members the updated 2019/23 Housing Revenue Account (HRA) Financial Plan (incorporating the 2019/20 capital monitoring budget

1 RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes that the 2018/19 actual position on the HRA Financial Plan as at 31 March 2019 was submitted to the meeting of Angus Council on 20 June 2019, Report 215/19 (paragraphs 4.32-4.36 inclusive and appendix D) refers;
- (ii) approves the contents of the updated 2019/20 HRA Financial Plan as part of the Financial Plan 2019-23 attached at Appendix 1;
- (iii) notes that the 2019/20 HRA Financial Plan represents the HRA's approved budget for capital monitoring purposes; and
- (iv) notes the provisional budget for the 2020/21 – 2022/23 HRA Financial Plan.

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

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

- Improved physical, mental and emotional health and well-being
- An enhanced, protected and enjoyed natural and built environment
- Safe, secure, vibrant and sustainable communities
- A reduced carbon footprint

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 2019/20 CAPITAL BUDGET

4.1 If members approve the contents of the updated 2019-23 HRA Financial Plan (Appendix 1), incorporating the 2019/20 capital monitoring budget amounting to £18,535,000, the latest monitoring estimates on this position will be presented to members at future Communities Committees during the financial year.

4.2 The provisional 2019/20 HRA Financial Plan was agreed at the Communities Committee (Special Meeting) on 12 February 2019 (report 47/19 appendix 3 refers) and totalled £24,502,000 taking account of the estimated resources available.

- 4.3 The 2019/20 HRA Financial Plan has subsequently been updated to reflect the effect of the 2018/19 actuals, and a final 2019/20 capital monitoring budget of £18,535,000 (appendix 1) has been established following a comprehensive review of the 2019/23 Financial Plan, incorporating an updated position regarding specific projects in 2019/20. Table 1 below shows the variance between the provisional and the proposed final 2019/20 Financial Plan respectively as per 4.2 above.

Table 1 – HRA Financial Plan: Programme 2019/20

Programme	Provisional Capital Budget 19/20 £,000	Proposed Final Capital Budget 19/20 £,000	Movement £,000
New Build and Shared Equity	11,133	9,134	(1,999)
Conversion	212	351	139
Aids and Adaptations	400	415	15
Improvements	10	14	4
Heating Installation	3,600	1,110	(2,490)
Window Replacement	255	255	0
Energy Saving	3,659	3,183	(476)
Sheltered Housing	505	505	0
Kitchen Replacement	2,100	1,500	(600)
Bathroom Replacements	1,910	1,350	(560)
Miscellaneous	708	708	0
Balances on Completed Projects	10	10	0
Total Programme	24,502	18,535	(5,967)

4.4 COMMENTARY ON SIGNIFICANT MOVEMENT BETWEEN PROVISIONAL AND FINAL 2019/20 HRA FINANCIAL PLAN (MONITORING BUDGET)

- 4.4.1 Members are asked to note that the commentary provided below is on an exception basis. It is important to note that where there is slippage to the HRA Capital programmes, for whatever reason, funds are not lost, but are simply re-phased to enable works to take place, all be it at a later date.

- 4.4.2 New Build: Expenditure on the regeneration project in Timmergreens has been updated to reflect the longer period than anticipated for the public consultation ahead of achieving Planning approval, and to reflect changes made to accommodate views expressed. Some re-phasing of the projects at Cliffburn and Lochlands has also been carried out to allow capital expenditure and resources to be spread more evenly over the period of the Financial Plan.

- 4.4.3 Heating Installation: Due to the determination of the previous heating replacement contract because of poor contractor performance, the financial sum related to heating upgrade works has been revised to allow for the following work:

- Outstanding works from the determined contract to be completed;
- Electric heating to be installed in around 100 properties

A sufficient period has now lapsed since the previous contract was determined to enable the procurement process to begin for a new heating replacement contract. Funds have been moved to future years to accommodate this delay.

- 4.4.4 Energy Saving: To ensure that the complexity of the work types is fully assessed, project spend has been reduced in 2019/20 to allow for a more comprehensive survey to be undertaken ahead of the works being finally programmed. This is to ensure that the several work types can be coordinated effectively so that disruption to customers is minimised. The programme will then be accelerated over the remaining period of the Financial Plan. A further review of future plans is to be carried out to enable a holistic re-assessment of the long term requirement for the Council's stock to meet zero carbon standards in light of recent climate change information.

- 4.4.5 Kitchens: The Kitchen programme has been re-phased to allow capital expenditure and resources to be spread more evenly over the period of the Financial Plan.
- 4.4.6 Bathrooms: As a result of improvements to the Brief and Specification following customer feedback, a longer lead-in period has been necessary. The Programme has been adjusted with a slightly later start, but will be delivered at a higher rate so that it completes within the original intended time period.

5 2019/20 HRA FINANCIAL PLAN FUNDING UPDATE

- 5.1 Table 2 estimates the resources available to finance the 2019/20 HRA Financial Plan programme (appendix 1).
- 5.2 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 future Communities Committees during the year.

Table 2 - Capital Funding

2019/20 HRA Financial Plan (Monitoring Budget)	Monitoring Budget Funding
Funding Sources	£,000
Prudential Borrowing	7,289
Capital Receipts	1,475
Capital Financed from Current Revenue	8,451
Transfer from Earmarked Reserves (Affordable Housing Reserve)	500
Transfer from Earmarked Reserves (HRA Reserves)	820
Total Funding Sources	18,535

6 FINANCIAL IMPLICATIONS

- 6.1 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.
- 6.2 Members will note that the use of unaudited HRA balances totalling £3.211m are included in Table 3 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 3 - HRA Balances

	Monitoring Budget £,000
Unaudited HRA balance as at 01/04/19 Less minimum balance requirement	4,211 (1,000)
Unaudited available HRA Balance as at 01/04/19	3,211
<u>Known / Potential Commitments:</u>	
Early repayment of debt	(1,181)
Survive and Thrive commitment	(687)
SHQS / New build housing (19/20)	(820)
SHQS / New build housing (future years)	(523)
Total known / potential commitments	(3,211)
Unaudited available HRA Balance as at 01/04/20 after allowing for known / potential commitments	0
Add: Anticipated HRA surplus 2019/20	0
Anticipated uncommitted HRA balance at 31/03/20 after applying anticipated surplus for the year.	0

NOTE: No other 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 2019-23