

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 29 SEPTEMBER 2020

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2020-24

REPORT BY THE DIRECTOR OF COMMUNITIES

ABSTRACT

This report presents to members the updated 2020/24 Housing Revenue Account (HRA) Capital Plan (incorporating the 2020/21 capital monitoring budget).

1 RECOMMENDATION

It is recommended that the Committee:

- 1.1 Notes that the 2019/20 actual position on the HRA Capital Plan as at 31 March 2020 was submitted to the meeting of Angus Council on 12 August 2020, Report 188/20 (paragraphs 4.24-4.28 inclusive and appendix C) refers;
- 1.2 Approves the contents of the updated 2020/21 HRA Capital Plan as attached at Appendix 1;
- 1.3 Notes that the 2020/21 HRA Capital Plan represents the HRA's approved budget for capital monitoring purposes; and
- 1.4 Notes the provisional budget for the 2021/22 – 2023/24 HRA Capital 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 2020/21 CAPITAL BUDGET

- 4.1 If members approve the contents of the updated 2020-24 HRA Capital Plan (Appendix 1), incorporating the 2020/21 capital monitoring budget amounting to £13,943,000, the latest monitoring estimates on this position will be presented to members at future Communities Committees during the financial year.
- 4.2 The provisional 2020/21 HRA Capital Plan was agreed at the Communities Committee (Special Meeting) on 11 February 2020 (report 43/20 appendix 3 refers) and totalled £19,861,000 taking account of the estimated resources available.

- 4.3 The 2020/21 HRA Capital Plan has subsequently been updated to reflect the effect of the 2019/20 actuals, and a final 2020/21 capital monitoring budget of £13,943,000 (appendix 1) has been established following a comprehensive review of the 2020/24 Capital Plan, incorporating an updated position regarding specific projects in 2020/21. Table 1 below shows the variance between the provisional and the proposed final 2020/21 Capital Plan respectively as per 4.2 above.

Table 1 – HRA Capital Plan: Programme 2020/21

Programme	Provisional Capital Budget 20/21	Proposed Final Capital Budget 20/21	Movement
	£m	£m	£m
New Build and Shared Equity	7.593	4.249	3.344
Conversion	0.041	0.310	(0.269)
Aids and Adaptations	0.250	0.250	0.000
Heating Installation	2.500	1.653	0.847
Window Replacement	0.325	0.525	(0.200)
Energy Saving / Towards Zero Carbon	4.049	4.000	0.049
Sheltered Housing	0.395	0.369	0.026
Kitchen Replacement	1.100	0.782	0.318
Bathroom Replacements	3.058	0.950	2.108
Miscellaneous	0.550	0.855	(0.305)
Total Programme	19.861	13.943	5.918

4.4 COMMENTARY ON SIGNIFICANT MOVEMENT BETWEEN PROVISIONAL AND FINAL 2020/21 HRA CAPITAL PLAN (MONITORING BUDGET)

4.4.1 Although the commentary provided below is on an exception basis, clearly the COVID 19 Pandemic has caused a delay to all of the projects in this year's programme to a lesser or greater extent. Many projects already on site in March had to be stopped, whilst others about to start were postponed. Whilst the construction industry was able to re-start operations in July on a phased basis, within the framework of the Scottish Government's recovery plan, new safe working practices have had to be adopted, and these will have both a short and mid term impact on both the time it takes to carry out work, and the cost of works. The full extent of these implications is not yet fully understood. It is however, important to note that where there is slippage to the HRA Capital programmes, 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 delays caused by the COVID 19 Pandemic, and delays due to Scottish Water requirements. The projects at Clifftown and Coronation have also been re-phased as a result of retendering taking place to accommodate COVID contract conditions and an increased tender period.

4.4.3 Conversion. The figures shown reflect slippage resulting from the COVID shut down, and take in to account several upcoming conversions that are in development for delivery in 2020-21

4.4.4 Heating. The figures shown reflect slippage resulting from the COVID shut down, and projected spend has been eased into future years to take account of COVID measures required going forward.

4.4.5 Window Replacement. The figures shown reflect slippage resulting from the COVID shut down, and projected spend has been eased into future years to take account of COVID measures required going forward.

4.4.6 Energy Saving. As a result of the COVID lockdown works have been projected to carry on past the previous deadline. It is possible however to continue elements of external work, allowing a substantial proportion of the works to be carried out with only minimal COVID disruption. This is reflected in the amended spend profile.

4.4.7 Sheltered Housing. Figures reflect the need for upgrading works for alarm and call systems in a COVID environment. However, although work is recommencing, the restrictions relating to vulnerable individuals mean that extra care will need to be taken, resulting in slower progress.

4.4.8 Kitchen Replacements. The figures shown reflect slippage resulting from the COVID shut down, and projected spend has been eased into future years to take account of COVID measures required going forward. Where possible, works are being addressed when properties become void. This will result in some rental income losses to the HRA due to extended void periods.

4.4.9 Bathroom Replacement Programme. The figures shown reflect slippage resulting from the COVID shut down, and projected spend has been eased into future years to take into account of COVID measures required going forward. Where possible, works are being addressed when properties become void. This will result in some rental income losses to the HRA due to extended void periods.

4.4.10 Miscellaneous. The spend profile has been adjusted to accommodate both slippage resulting from the COVID shut down, and a number of contracts that are to be tendered for planned works in an attempt to stimulate the local economy

5 2020/21 HRA CAPITAL PLAN FUNDING UPDATE

5.1 Table 2 estimates the resources available to finance the 2020/21 HRA Capital Plan (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

2020/21 HRA Capital Plan (Monitoring Budget)	Monitoring Budget Funding
Funding Sources	£m
Prudential Borrowing	4.861
Capital Receipts	0.000
Capital Financed from Current Revenue	8.231
Transfer from Earmarked Reserves (Affordable Housing Reserve)	0.500
Transfer from Earmarked Reserves (HRA Reserves)	0.351
Total Funding Sources	13.943

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 £2.097m 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 (EESH) as well as delivering on our commitment to continue the New Build Housing Programme.

Table 3 - HRA Balances

	Monitoring Budget £m
Unaudited HRA balance as at 01/04/20	3.097
Less minimum balance requirement	(1.000)
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Unaudited available HRA Balance as at 01/04/20	2.097
<u>Known / Potential Commitments:</u>	
Early repayment of debt/debt management	(0.580)
Survive and Thrive commitment	(0.687)
SHQS / New build housing (20/21)	(0.351)
SHQS / New build housing (future years)	(0.479)
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Total known / potential commitments	(2.097)
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Unaudited available HRA Balance as at 01/04/21 after allowing for known / potential commitments	0.000
Add: Anticipated HRA surplus 2020/21	0.000
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Anticipated uncommitted HRA balance at 31/03/21 after applying anticipated surplus for the year.	0.000

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 Capital Plan 2020-24