

## Report for Resolution

**Report to** Executive  
10 February 2010

**Report of** Head of Finance

**Subject** Housing Capital Plan and Capital Programme 2010/11

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### Purpose

This report presents the proposed Housing Capital Plan for the years 2010 to 2015, and the Housing Capital Programme for 2010/11 for approval, and reviews the Housing Capital Programme for 2009/10.

### Recommendations

The Executive is asked to:

1. recommend the Housing Capital Plan 2010-2015 to the Council for approval;
2. approve the Housing Capital Programme 2010/11 as set out in the report;
3. note the forecast position on the Housing Capital Programme 2009/10

### Financial Consequences

The financial consequences of this report are as set out in this report

### Risk Assessment

A detailed risk assessment is included in the body of the report. The key risk associated with the Housing Capital Programme is the lack of further funding being made available to complete the programme.

### Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority of Safe and Healthy Neighbourhoods.

Executive Member:

Councillor Brenda Arthur - Housing  
Councillor Alan Waters - Corporate Resources and Governance

**Ward:** All Wards

**Contact Officers**

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## Report

### The Housing Capital Plan

4. Table 1 indicates the anticipated levels of resources available to the Housing Capital Programme in future years. The forecast looks forward until 2014/15.

**Table 1 – Housing Capital Resources**

<b>Housing Capital Resources</b>	<b>2010/11 £'000s</b>	<b>2011/12 £'000s</b>	<b>2012/13 £'000s</b>	<b>2013/14 £'000s</b>	<b>2014/15 £'000s</b>
Supported Capital Expenditure Allocation	2300	0	0	0	0
Capital Grants	426	426	426	426	426
Major Repairs Allowance	9846	9944	10044	10144	10245
Revenue Contribution to Capital - Planned	4192	4192	2192	2192	2192
Revenue Contribution to Capital - Additional	-1557	0	0	0	0
Leaseholders	250	250	250	250	250
S106 commuted sums	401	0	0	0	0
Capital receipts brought forward from previous year	0	1126	3597	2751	1932
Capital receipts arising from land sales	2653	1500	0	0	0
Capital Receipts – arising from RTB	500	600	600	600	600
Capital Receipts – arising from houses/sites beyond economic repair	2350	4000	0	0	0
HCA grant funding - Eco retrofit	1745	0	0	0	0
LANB grant	317	317	0	0	0
LANB prudential borrowing	232	0	0	0	0
Capital repaid from Non Housing Capital Programme	0	1390	1390	1390	0
<b>Forecast funding</b>	<b>23,655</b>	<b>23,745</b>	<b>18,499</b>	<b>17,753</b>	<b>15,645</b>

5. The recession continues to affect the resources available and is anticipated to do so for the life of the plan. Capital receipts arising from Right to Buy sales are forecast to continue at a lower level than in previous years.
6. The Decent Homes programme comes to an end in 2010, and the funding provided by the government to support this programme will also cease. It is not known if any measures will be introduced to enable a similar programme to continue.
7. The small Local Authority New Build Programme will be funded with S106 receipts, land sales from sites previously in the DAHP, and prudential borrowing.
8. A programme for disposal of houses beyond economic repair and sites which are potential development sites will be proposed for approval and provision for

the anticipated receipts and expenditure has been made in the relevant tables.

9. The HCA partnership is likely to produce resources in the medium term but the level of return is highly dependant upon the market picking up. Consequently no expectation beyond the current grant has been included.

10. Table 2 indicates the anticipated levels of expenditure until 2014/15.

**Table 2 – Housing Capital Plan**

<b>Housing Capital Plan</b>	<b>2010/11 £000s</b>	<b>2011/12 £000s</b>	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>
<b><i>Public Sector</i></b>					
Public Sector upgrades etc	14,408	14,542	14,722	14,795	14795
Extra Window replacements	1,000	0	0	0	0
HCA Partnership Eco-retrofit	1,745	0	0	0	0
Communal Bin Provision	519	0	0	0	0
Local Authority New Build programme	1,446	0	0	0	0
<b>Total Public sector</b>	<b>19,118</b>	<b>14,542</b>	<b>14,722</b>	<b>14,795</b>	<b>14,795</b>
<b><i>Private Sector</i></b>					
Capital grants to Housing Associations	1,885	2,330	0	0	0
Private Sector disabled facilities and renovation grants	926	1026	1026	1026	1026
Site acquisition, maintenance for redevelopment sites	600	2250	0	0	0
<b>Total Private sector</b>	<b>3,411</b>	<b>5,606</b>	<b>1,026</b>	<b>1,026</b>	<b>1,026</b>
<b>Total Housing Capital Programme</b>	<b>22,529</b>	<b>20,148</b>	<b>15,748</b>	<b>15,821</b>	<b>15,821</b>
Available resources from Table 1	23,655	23,745	18,499	17,753	15,645
<b>Deficit/(Surplus) of Housing Capital Resources</b>	<b>(1,126)</b>	<b>(3,597)</b>	<b>(2,751)</b>	<b>(1,932)</b>	<b>176</b>

11. The expenditure plans for the Public Sector programme included in the table above are based upon the reduced anticipated costs arising from the re-let of the former Citycare contract. This has enabled a planned increase in volumes with a reduction in overall cost, which will match the anticipated reduction in resources available to the Public sector programme
12. The DAHP programme has been reduced to reflect the delays in developing sites, and currently a review of available sites for the future programme is underway.
13. The investment in grant support to the private sector has also had to be reduced to reflect the limited resources available.

### **Review of Housing Capital Programme 2009/10**

14. Table 3 summarises the anticipated outturn figures for the 2009/10 Housing Capital Programme.

**Table 3 Housing Capital Programme 2009/10**

<b>Housing Capital Programme</b>	<b>Approved Budget 2009/10 £000s</b>	<b>Forecast Expenditure 2009/10 £000s</b>	<b>Forecast Variance 2009/10 £000s</b>	<b>Decap-Italisation variance</b>	<b>Other variance</b>
<b>Public Sector</b>					
Decent Homes	4527	4097	-430	0	-430
Heating	4480	3952	-528	-370	-158
Windows	5425	5695	270	0	270
Community Safety	200	200	0	0	0
Regeneration & Renewal	500	0	-500	-250	-250
Preventative Maintenance	1778	3195	1417	-358	1775
Supported Independent Living	1150	553	-597	-435	-162
NCAS and IT enhancements	336	223	-113	-13	-100
Communal Bin Provision	1019	500	-519	0	-519
Other	1655	0	-1655	-200	-1455
<b>Total Public sector</b>	<b>21,070</b>	<b>18,415</b>	<b>-2,655</b>	<b>-1,626</b>	<b>-1,029</b>
<b>Private Sector</b>					
Capital grants to Housing Associations	3713	860	-2853	0	-2853
Private Sector disabled facilities grants	390	500	110	0	110
Site maintenance concrete block properties	120	120	0	0	0
Renovation support in the Private Sector	1250	1144	-106	0	-106
Decommissioning and security	300	300	0	0	0
<b>Total Private sector</b>	<b>5,773</b>	<b>2,924</b>	<b>-2,849</b>	<b>0</b>	<b>-2,849</b>
<b>Total Housing Capital Programme</b>	<b>26,843</b>	<b>21,339</b>	<b>-5,504</b>	<b>-1626</b>	<b>-3,878</b>

15. Approved budgets include carry forward from 2008/09 of :

- NCAS and IT enhancements £110k
- Communal bin stores £519k

16. Some of the underspend on the Public Sector programme is the effect of de-capitalisation of previously capitalised items (which have been moved to revenue expenditure).

17. Table 3 indicates a forecast total underspend of £2,655k on Public Sector and £2,849k on the Private Sector capital programmes

18. Slippage on Communal Bin Stores and NCAS enhancements will be subject to carry forward requests once the final year-end position is established.
19. Savings on the anticipated cost of decent homes and heating upgrades has enabled additional budget to be transferred to the windows and structural works budgets.
20. Capital grants to housing associations have again been affected by the recession with progress in developing sites being delayed. In addition, two of the sites in the programme have been identified for the LANB programme, thus reducing the capital grant anticipated, and one site has been identified as a potential part of the programme of homes beyond economic repair.

### **Recommended Housing Capital Programme 2010/11**

21. Table 4 details the Non Housing Capital Programme for approval

<b>Housing Capital Plan</b>	<b>2010/11 £000s</b>
<b><i>Public Sector</i></b>	
Public Sector upgrades etc	14,408
Extra Window replacements	1,000
HCA Partnership Eco-retrofit	1,745
Communal Bin Provision	519
Local Authority New Build programme	1,446
<b>Total Public sector</b>	<b>19,118</b>
<b><i>Private Sector</i></b>	
Capital grants to Housing Associations	1,885
Private Sector disabled facilities and renovation grants	926
Site acquisition and maintenance of redevelopment sites	600
<b>Total Private sector</b>	<b>3,411</b>
<b>Total Housing Capital Programme</b>	<b>22,529</b>

22. This programme completes the required Decent Homes upgrades programme, continues the programme of structural repairs to non traditional properties and continues the acceleration of the window replacement programme.
23. In addition the HCA grant funding for the Eco-retrofit programme enables homes in areas of high deprivation to receive upgrades of insulation and other energy saving initiatives to help reduce CO2 emissions and reduce fuel poverty.
24. The complete public sector programme will deliver, amongst other priorities:
- 1700 properties new kitchens or bathrooms
  - Over 1,400 new heating systems or boilers
  - 400 properties rewired or electrically upgraded
  - New PVCu windows to over 2,500 homes

25. This forecast increase in volumes has been made possible by the lower costs anticipated from the re-let of the housing repairs and upgrade contract, with its refocusing on planned maintenance, and the HCA grant
26. The programme includes a provision for the acquisition and maintenance of redevelopment sites, which is subject to approval by the Executive
27. The level of grants to the Private Sector for disabled facilities and renovation has been reduced in line with the funding available.
28. MS para re overall HRA funding and relationship to subsidy

## **Risk Management**

29. The Risks to the Housing Capital Plan have been assessed and the main risks and mitigations identified in the table below

<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Mitigation</b>
Capital Receipts not received from RTB sales	M	M	Low levels of receipts have been forecast from RTB
Capital Receipts not received from sale of houses beyond economic repair	M	M	No plans to use funding until it has been received
Capital Receipts delayed	H	M	Use capital balances until funding secured
HCA capital scheme outputs not delivered	M	H	Ensure close monitoring of outputs to ensure targets are met
Grant levels decrease	M	M	Indicative Grant levels are known in advance, but not confirmed until after Council sets budget. Large variations are not expected.
Level of returns from leaseholders does not match forecast	L	L	Robust charging procedures under new contract to ensure amounts due are recovered
Cost overruns	L	L	New contract arrangements ensure maximum cost in standard areas. quoted works will be managed

			within available budget. Incentivisation will help keep costs to a minimum
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