

ABERDEEN CITY COUNCIL

COMMITTEE: Housing and Environment

DATE: 14 January 2014

REPORT BY: Director of Housing & Environment
and Head of Finance

TITLE OF REPORT: 2013/14 Housing Capital Programme

REPORT NUMBER: H&E/14/011

1. PURPOSE OF REPORT

The purpose of this report is to provide elected members with a status report for the 2013/14 Housing Capital Programme as at 31 October 2013 summarising both income and expenditure.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

- a) Notes the financial information contained within this report and
- b) Instructs that the Head of Finance continues to update the Committee in consultation with the Director for Housing and Environment on the actual outturn position for 2013/14 following completion of the year end statutory accounts; and
- c) Approves the virements outlined in Appendix 2.

3. FINANCIAL IMPLICATIONS

The monies required to fund the housing capital programme can be achieved through external borrowing, capital receipts, capital grants and a revenue contribution. There are adequate resources available to finance the projected capital spend in 2013/14, as required by the Prudential Code.

4. OTHER IMPLICATIONS

Failure to adequately maintain and improve the Council's housing stock may lead to the Council breaching health and safety regulations, poorer housing conditions in Aberdeen and result in lower demand.

The Council's Scottish Housing Quality Standard (SHQS) Standard Delivery Plan was approved by the former Communities Scotland in August 2006. This outlines the Council's strategy for meeting SHQS by 2015. If the Council cannot achieve the targets set within the Delivery Plan, within reasonable rent increases, then the Scottish Housing Regulator could intervene.

5. BACKGROUND/MAIN ISSUES

BACKGROUND

- 5.1 The Council is required to manage its capital programme within the regulations set out in Part 7 of the Local Government in Scotland Act 2003. This allows Councils to set their own borrowing limits, provided that they comply with the Prudential Code.
- 5.2 The Prudential Code requires Councils to set a capital programme that is affordable, prudent and sustainable. The main test of affordability is whether the capital financing costs can be contained within revenue budgets.
- 5.3 Council on the 19 December 2012 approved a funded Housing Capital Programme for 2013/14 of £41.5M.

POSITION TO DATE

- 5.4 The summary financial statement at Appendix 1 outlines the original budget for the current year and expenditure and income as at 31 October 2013.
- 5.5 Appendix 2 details the range of projects expected to be undertaken within the overall budget and spend to date.
- 5.6 The under spend remains at £5.5M from the funded budget of £41.5M. This is a result of potential under spends within the following projects Multi Storey structural repairs (item 2.1), Structural repairs (item 2.1.2) and Modernisation Programme (item 4.1).

EXPENDITURE

- 5.7 As at 31 October 2013 £13.1M of the approved budget has been spent to date.

SUMMARY

- 5.8 It is currently forecast, based on figures to date, that the Housing Capital programme outturn will be managed within the framework as set out in the Prudential Code.

6. IMPACT

- 6.1 Corporate – the housing capital programme encompasses projects which will link in one or several ways to the Community Plan, Single Outcome Agreement, Corporate and Individual Service Plans and Aberdeen – the Smarter City.
- 6.2 Public – this report will be of interest to the public as it demonstrates financial performance.

7. MANAGEMENT OF RISK

There are many factors that can lead to project delays such as consultation with tenants, decanting of tenants and access to properties. Such delays would result in the opportunity to advance other projects. There is a need for the capital programme slippage to be kept to a minimum to allow the Council to achieve the SHQS by 2015.

8. BACKGROUND PAPERS

19 December 2012 Draft Housing Revenue Account (HRA) and Housing Capital Budget 2013/14 to 2015/16

9.. REPORT AUTHOR DETAILS

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APPENDIX 1

2013/14

	Approved Budget £'000	Actual at 31/10/13 £'000	Estimated Out-turn £'000	Notes
Expenditure	46,930	13,154	36,033	1
Slippage	(5,397)			2
<u>Total Expenditure</u>	<u>41,533</u>	<u>13,154</u>	<u>36,033</u>	
<u>Funded by:</u>				
Borrowing	17,917	0	12,417	3
CFCR	22,116	11,654	22,116	4
Grant Income	1,500	1,500	1,500	
<u>Total Income</u>	<u>41,533</u>	<u>13,154</u>	<u>36,033</u>	

(Note 1) Expenditure

As at 31 October 2013 the Council has paid £13.1M of the budgeted £41.5M.

(Note 2) Slippage

The total available budgeted programme for capital expenditure of £46.9M is set to allow for slippage. (contract price variations, projects starting later than anticipated, projects being amended etc)

(Note 3) Borrowing

This is the level of borrowing the Council has approved to undertake in 2013/14.

(Note 4) Capital From Current Revenue (CFCR)

At present it is anticipated that £22M for the revenue contribution to capital will be made.

The overall level of the revenue contribution will be subject to variation dependent on the final position of the Housing Revenue Account and the Capital programme.

Appendix 2

Housing Capital 2013/14

Project	Original Approved Programme £'000	Actual As at 31 October £'000	
SCOTTISH HOUSING QUALITY STANDARDS			
1 Compliant with the tolerable standard			
1.1 Major Repairs	1,250	91	
Roofs Renewal/Gutters/RWP/Roughcast			
Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast			
	<hr/>	<hr/>	
	1,250	91	
2 Free from Serious Disrepair			
2.1 <u>Primary Building Elements</u>	6,112	2,595	1
Structural Repairs Multi Storey			
Multi Storey blocks are surveyed on a 5-7 year cycle to identify any works required to the Structure of the buildings in order to keep the buildings safe and prolong their life.			
Structural Repairs General Housing	1,170	13	
Structural works carried out in order to keep the building stable and structurally sound			
<u>Secondary Building Elements</u>			
2.2 Upgrading Of Flat Roofs General	350	1	
Replacement of existing roof covering and upgrading of insulation to meet current building Regulations.			
2.3 Upgrade Flat Roofs Multi Storey	1,000	429	
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required			
2.5 Mono Pitched Types	530	189	
Replacement of the external render of the building, replacement of gutters and downpipes and environmental works			
2.6 Window Replace General	600	108	
A rolling programme of double glazing where previously single glazing, or replacing Double glazing to meet current standards. This is based on a cyclical programme.			
2.7 Window Replace Multi Storey	0	0	
A rolling programme to replace existing double glazing to meet current standards. This is on a cyclical programme.			
2.8 Balcony Storm Doors	60	0	
Replacement of existing doors with more secure, solid doors			
2.9 Balcony Glass Renewal - Multi Storey	1,165	1,381	2
Replacement of existing balcony glazing on a cyclical basis			
	<hr/>	<hr/>	
	10,987	4,717	
3 Energy Efficient			
<u>Effective insulation</u>			
3.1 General Houses Loft Insulation	50	6	
Installation of loft insulation where there is none previously or the topping up of existing Insulation to comply with current building regulations.			
<u>Efficient Heating</u>			
3.3 Heating Systems Replacement	4,950	1,954	
Replacement of boiler/whole system as deemed necessary.			
3.4 Medical Need Heating	50	0	
Installation of gas/electric heating depending on the medical assessment.			
This can be installing a completely new system, modifying or extending an existing system.			
3.5 Energy Efficiency Multi Blocks	1,720	61	
Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants			
3.6 Energy Efficiency Sheltered	250	109	
Introduction of energy efficiency measures in sheltered housing such as new or upgraded Systems.			

Project	Original Approved Programme £'000	Actual As at 31 October £'000	
<u>Additional Energy Efficiency measures</u>			
3.7 S.C.A.R.F	35	0	
Payment to SCARF for work carried out by them under the Energy Efficiency programme to Individual council properties. The work carried out includes the installation of loft insulation, Draught proofing and compact fluorescent bulbs. Also, providing tenants with energy efficiency Advice and information.			
3.8 Solid Wall Insulation	250	1	
Installation of solid wall insulation where there was none previously.			
3.9 Vestibule Doors	0	0	
Installation of new doors where there were none before.			
	7,305	2,132	
4 Modern Facilities & Services			
<u>Bathroom and Kitchen Condition</u>			
4.1 Modernisation Programme	13,894	3,067	
Replacement of bathrooms and kitchens.			
	13,894	3,067	
5 Healthy, Safe & Secure			
Healthy			
5.1 Condensation Measures	50	19	
Installation of heating systems and ventilation measures to combat condensation.			
Safe			
5.3 Rewiring	1,100	395	
Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis			
5.4 Lift Replacement Multi Storey/Major Blocks	1,000	302	
Replacement of lifts where they are beyond economical repair. This can be full replacement replacement of specific parts of the lift.			
5.5 Smoke Detectors	150	35	
5.6 Services	50	0	
Cyclical maintenance/replacement of the following services Ventilation Systems, Water Tanks/Pipework, Refuse Chutes/Chamber Dry Riser Systems, Standby Generators			
5.7 Entrance Halls/Concierge	50	0	
Provision of security service			
5.8 Laundry Facilities	113	185	3
Replacement of laundry equipment			
5.9 Upgrading of Lighting	36	78	
Installation of lighting controlled by photo cell i.e. switches on and off automatically depending on the level of natural light. Installation of lighting in areas where there was none before.			
Secure			
5.11 Door Entry Systems	40	0	
Installation of door entry and replacement of existing doors where required			
5.12 Replace Door Entry Systems - Major Blocks	200	0	
Installation of door entry and replacement of existing doors where required			
5.13 Other Initiatives	750	0	
Upgrading of stairs and installation of security doors and door entry systems			
5.14 Crime Prevention /Safety Measures	3,539	1,014	

Original Actual
Approved As at 31
Programme October
£'000 £'000

Project

NON SCOTTISH HOUSING QUALITY STANDARDS

6 Community Plan & Single Outcome Agreement			
6.1 Housing For Varying Needs New build including extra care housing.	300	376	4
6.2 S.U.R.E. Refurbishment of properties or environmental improvements in designated areas.	300	89	
6.4 Regeneration/Affordable Housing Early Action projects linked to Regeneration and Master planning Briefs for Regeneration & provision of consultation events.	0	0	
6.5 Acquisition of Land/Houses Acquisition of land for new build programme	300	55	
6.6 CCTV – Concierge Provision of CCTV for the new Concierge service	150	34	
6.7 Adaptations Disabled Installation of level access showers, ramps, stair lifts and kitchen adaptations	1,250	594	
6.8 Special Initiatives/Barrier Free Housing Provision of specialist facilities or housing for tenants with particular needs i.e. extensions	650	3	
6.9 Housing For Varying Needs- Amenity/Adaptations Conversion of properties to Amenity Level standard	200	101	
6.10 Housing For Varying Needs- Extra Care/Adaptations Adaptations required to ensure existing sheltered housing stock meets current standards	150	-10	
6.11/ Roads/Paths	100	0	
6.12 Upgrade of Roads to an adoptable standard and the Formation or upgrading of paths	100	0	
6.13 Garages Upgrade of Garages	0	-5	
6.14 New Affordable Housing	600	461	
	4,100	1,699	
 7 Service Development			
7.1 Conditions Surveys Surveying of Council houses to identify failures against Scottish Housing Quality Standard	50	0	
7.2 Property Database Various items of IT equipment including hardware and software	100	6	
7.3 Integrated Housing System Various purchase of PC's and software packages	100	56	
	250	62	
 8 Service Expenditure			
Corporate Fees	5,605	372	
	5,605	372	
 Total Budget	46,930	13,154	

SUBTRACTIONS

Note 1 - 2.1.1 Multi Storey Structural Repairs

Sum to be vired £495,000

As work under this heading have been delayed there is scope to vire budget for the shortfall in the projects listed below.

ADDITIONS

Note 2 - 2.9 Balcony Glass Replacement

Sum to be vired £220,000

Additional funding is required due to the inclusion of structural repairs to blocks which were identified during balcony glass replacement.

Note 3 - 5.8 Laundry Equipment

Sum to be vired £75,000

The increase in budget requirements is due to the costs for replacing existing cash card system with Accord Card system.

Note 4 - 6.1 Housing for Varying Needs

Sum to be vired £200,000

Additional funding required to cover initial under estimate in expenditure for Clashieknowe refurbishment when Housing Capital budget was proposed.