# ABERDEEN CITY COUNCIL

**COMMITTEE:**          Housing and Environment

**DATE**:                    16 February 2010

**REPORT BY:**          Director and City Chamberlain

**TITLE OF REPORT:**    2009/10 Housing Capital Programme

**REPORT NUMBER**:      H&E/10/016

## 1.  PURPOSE OF REPORT
The purpose of this report is to provide elected members with a status report  for the 2009/10 Housing Capital Programme as at 31 December 2009 pulling together both income and expenditure. Any changes from the previous report are highlighted in bold.

## 2.  RECOMMENDATION(S)
It is recommended that the Committee:-

a) Consider and note the financial information contained within this report; and

b) Instruct that the City Chamberlain continues to update the Committee in consultation with the Director for Housing and Environment on the forecast and actual out-turn position for 2009/10.

## 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 2009/10, as required by the Prudential Code.

## 4.  SERVICE & COMMUNITY IMPACT
The City Council will operate within overall financial constraints taking into account recommended accounting practice and policies.

The programme aims to treat every tenant equally on the basis that replacement programmes are determined by the life cycle costing and prioritising on the basis of stock condition and sustainability of the estates

## 5.  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 resulting 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 our strategy for meeting SHQS by 2015. If the Council cannot achieve the targets set within the Delivery Plan and within reasonable rent increases this could lead to direct intervention by the Scottish Housing Regulator.

6.      REPORT

**BACKGROUND**

6.1     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 Council's to set their own borrowing limits, provided that they comply with the Prudential Code.

6.2     The Prudential Code requires Councils to set a capital programme that is affordable, prudent and sustainable. The main test of affordability will be whether the capital financing costs can be contained within revenue budgets.

6.3     The Council on the 12 February 2009 approved a funded Housing Capital Programme for 2009/10 of £51.747 million.  This programme included a committed carry forward estimated to be £33.971 million from the financial year 2008/09.

6.4    The committed carry forward is high principally as a result of the continuing Modernisation Programme.

6.5     The Council recommended on 14 February 2006 that all Council house sales receipts be utilised for the repayment of debt.  The savings that will accrue from this (by way of reduced capital financing charges) can then be used to finance additional capital borrowing.  In essence this is cost neutral to the Housing Revenue Account.

6.6     On 25 November 2008, Members of the Resources Management Committee approved the realignment of the Housing Capital Expenditure Budget. This realignment ensures that the Housing Capital Programme supports the achievement of the council housing objectives set out in the Single Outcome Agreement. These new arrangements were reflected in the Housing Capital Budget for 2009/10 approved by Council on 12 February 2009.

**POSITION TO DATE**

6.7    The summary financial statement at Appendix 1 outlines the original budget for the current year and expenditure and income as at 31 December 2009 and the current estimated out-turn.

6.8     This highlights that there is a movement in the forecast position compared to that previously reported which is principally the result of the weather conditions experienced during 2009/10 and the delay in the Heating Systems replacement due to the legal challenge.

6.9 A review of the budget is being undertaken to identify areas where delays or problems are being experienced and will be reported to the next cycle of this Committee.

6.10 Appendix 2, details a list of all categories of spend in the Housing Capital programme for the financial year 2009/10 as approved at the 11 January Housing and Environment Committee and the spend as at 31 December 2009.

6.11 No further revisions have been made to the programme since the Housing and Environment Committee of 11 January, however the actual internal fees have been allocated over the relevant projects.

**EXPENDITURE**

6.12 As at 31 December 2009 £35.750 million of the approved budget has been spent to date.

6.13 However, of the initial approved programme, £48.5 million of the available funds is committed through accepted tenders or tenders which are in the process of being accepted. It is currently anticipated that the forecast out-turn will be £48 m this is below the funded programme of £51.747 m.

6.14 Appendix 2, details a list of all categories of spend in the Housing Capital programme for the financial year 2009/10, and the spend as at 31 December 2009.

**BUDGET RISK ASSESSMENT**

6.15 As elected members will appreciate, there are many factors that can lead to project delays such as consultation with tenants, decanting of tenants and access to properties. Such delays will result in the opportunity to advance other projects, which are in many cases not labour intensive, this will be reported to Committee as appropriate. There is a need for the capital programme slippage to be kept to a minimum to allow the Council to achieve the Scottish Housing Quality Standard by 2015.

**SUMMARY**

6.16 It is currently estimated, based on figures to date, that the Housing Capital programme out-turn will be lower than budgeted as a result of delays in various projects as a result of weather conditions.

7 REPORT AUTHOR DETAILS

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8 BACKGROUND PAPERS
**11 January 2010 Housing and Environment 2009/10 Housing Capital Programme**

**APPENDIX 1**
**2009/10**

|  | Approved Budget £'000 | Actual at 30/12/09 £'000 | Estimated Out-turn £'000 | Notes |
|---|---|---|---|---|
| Expenditure | 59,509 | 35,750 | **48,000** | 1 |
| Slippage | (7,762) | 0 | **0** | 2 |
| **Total Expenditure** | **51,747** | **35,750** | **48,000** | |
| | | | | |
| **Funded by:** | | | | |
| Borrowing | (39,247) | (24,250) | **(32,666)** | 3 |
| CFCR | (12,500) | (11,500) | **(15,334)** | 4 |
| **Total Income** | **(51,747)** | **(35,750)** | **(48,000)** | |

### (Note 1) Expenditure

The level of expenditure has to be closely monitored to ensure that the Housing Capital programme operates within the capital framework set out in the Prudential Code.

As at 31 December 2009 the Council has paid £35.750 million of the budgeted £51.747 million.

### (Note 2) Slippage

The slippage figure is built in to the capital programme to allow for items such as contract price variations, projects starting later than anticipated and projects being superseded/amended. This is to try and ensure that there are no major underspends in the capital programme for the year.

The total available budgeted programme for capital expenditure of £59.509 million is therefore set at this higher or uplifted figure to allow for such slippage or variations on projects.

### (Note 3) Borrowing

This is the level of borrowing the Council has approved to undertake in 2009/10.

### (Note 4) CFCR

At present it is anticipated that £15.334 million for the revenue contribution to capital will be made, the increase reflects the reduced capital financing costs in the Housing Revenue Account.

The overall level of the revenue contribution can be varied if required, dependent on the position with regard to the Housing Revenue Account and the Capital programme. Any such variations if required will be reported to Committee.

# Appendix 2

| Project | 11/01/10 Approved Programme £'000 | Actual As at 31 Dec £'000 |
|---|---|---|
| **SCOTTISH HOUSING QUALITY STANDARDS** | | |
| **1 Compliant with the tolerable standard** | | |
| 1.1 B.T.S Houses | 50 | 0 |
| For the refurbishment works to below tolerable standard properties | | |
| 1.2 H.A.A. Council Flats | 10 | 0 |
| For the refurbishment works to properties in the Housing Action Area | | |
| | 60 | 0 |
| **2 Free from Serious Disrepair** | | |
| 2.1 Primary Building Elements | | |
| Structural Repairs Multi Storey | | |
| Multi Storey blocks are surveyed on a 5-7 year cycle to identify any works required to the | 4,517 | 2,162 |
| Structure of the buildings in order to keep the buildings safe and prolong their life. | | |
| Structural Repairs General Housing | 1,560 | 912 |
| Structural works carried out in order to keep the building stable and structurally sound. | | |
| Secondary Building Elements | | |
| 2.2 Upgrading Of Flat Roofs General | 200 | 13 |
| Replacement of existing roof covering and upgrading of insulation to meet current building Regulations. | | |
| 2.3 Upgrade Flat Roofs Multi Storey | 495 | 314 |
| Full replacement of the flat roofs and also checking the replacement of roof ventilation as required | | |
| 2.4 Major Repairs- | 371 | 23 |
| Roofs Renewal/Gutters/RWP/Roughcast | | |
| Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast | | |
| 2.5 Mono Pitched Types | 1,250 | 651 |
| Replacement of the external render of the building, replacement of gutters and downpipes, Environmental works | | |
| 2.6 Window Replace General | 1,550 | 474 |
| A rolling programme of double glazing where previously single glazing, or replacing existing Double glazing to meet current standards. This is based on a cyclical programme. | | |
| 2.7 Window Replace Multi Storey | 304 | 75 |
| A rolling programme to replace existing double glazing to meet current standards. This is based 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 | 0 | 0 |
| Replacement of existing balcony glazing on a cyclical basis | | |
| | 10,307 | 4,624 |
| **3 Energy Efficient** | | |
| Effective insulation | | |
| 3.1 General Houses Loft Insulation | 70 | 1 |
| Installation of loft insulation where there is none previously or the topping up of exisiting Insulation to comply with current building regulations. | | |
| Efficient Heating | | |
| 3.3 Heating Systems Replacement | 681 | 192 |
| Replacement of boiler/whole system as deemed necessary. | | |
| 3.4 Medical Need Heating | 10 | 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 | 1,020 | 480 |
| Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants | | |
| 3.6 Energy Efficiency Sheltered | 320 | 29 |
| Introduction of energy efficiency measures in sheltered housing such as new or upgraded | | |

| Project | 11/01/10 Approved Programme £'000 | Actual As at 31 Dec £'000 |
|---|---|---|
| Additional Energy Efficiency measures | | |
| 3.7 S.C.A.R.F | 20 | 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 | 35 | 0 |
| Installation of solid wall insulation where there was none previously. | | |
| 3.9 Vestibule Doors | 10 | 0 |
| Installation of new doors where there were none before. | | |
| | 2,166 | 702 |

**4 Modern Facilities & Services**

| Project | | |
|---|---|---|
| Bathroom and Kitchen Condition | | |
| 4.1 Modernisation Programme | 24,619 | 20,209 |
| Replacement of bathrooms and kitchens. | | |
| 4.2 Improvement Compensation | 5 | 4 |
| | 24,624 | 20,213 |

**5 Healthy, Safe & Secure**

| Project | | |
|---|---|---|
| Healthy | | |
| 5.1 Condensation Measures | 50 | 22 |
| Installation of heating systems and ventilation measures to combat condensation. | | |
| Safe | | |
| 5.2 Smoke Detectors in Dwellings | 426 | 205 |
| Installation of new smoke detectors or replacement of battery operated smoke detectors with hard wired smoke detectors | | |
| 5.3 Rewiring | 1,022 | 675 |
| 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 | 1,001 | 310 |
| 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 In Communal Areas - Major Blocks | 50 | 12 |
| Installation of smoke detectors in the Communal Areas of Multi Storey blocks | | |
| 5.6 Services | 37 | 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 | 200 | 0 |
| Provision of security service - under discussion | | |
| 5.8 Laundry Facilities | 104 | 41 |
| Replacement of laundry equipment | | |
| 5.9 Lighting Of Common Stairs | 10 | 0 |
| Installation of lighting controlled by photo cell ie switches on and off automatically depending on the level of natural light. | | |
| 5.10 Provision Of External Lighting | 30 | 0 |
| Installation of lighting in areas where there was none before. | | |
| Secure | | |
| 5.11 Door Entry Systems | 103 | 122 |
| Installation of door entry and replacement of existing doors where required | | |
| 5.12 Replace Door Entry Systems - Major Blocks | 150 | 43 |
| Installation of door entry and replacement of existing doors where required | | |
| 5.13 Other Initiatives | 900 | 292 |
| Upgrading of stairs and installation of security doors and door entry systems | | |
| 5.14 Crime Prevention/Safety Features | 274 | 116 |
| Introduction of security measures in the Council housing stock | | |
| | 4,357 | 1,838 |

2009/10  Housing Capital Programme

| | 11/01/10 Approved Programme £'000 | Actual as At 31 Dec 09 £'000 |
|---|---|---|
| **Project** | | |
| **NON SCOTTISH HOUSING QUALITY STANDARDS** | | |
| 6 Community Plan & Single Outcome Agreement | | |
| 6.1 Housing For Varying Needs | 2,520 | 1,519 |
| New build including extra care housing. | | |
| 6.2 S.U.R.E. | 301 | 122 |
| Refurbishment of properties or environmental improvements in designated areas. | | |
| 6.3 Masionette blocks - Regeneration/Affordable Housing | 1,000 | 0 |
| Early Action projects linked to Regeneration and Masterplanning Briefs for Regeneration | | |
| 6.4 Regeneration Strategy | 100 | 0 |
| Provision of consultation events required for promoting Regeneration in Priority Areas | | |
| 6.5 Acquisition of Land/Houses | 1,840 | 1,139 |
| Acquisition of Land/Houses for the new build programme | | |
| 6.6 CCTV – Concierge | 150 | 0 |
| Provision of CCTV for the new Concierge service | | |
| 6.7 Adaptations Disabled | 1,464 | 1,198 |
| Installation of level access showers, ramps, stair lifts and kitchen adaptations | | |
| 6.8 Special Initiatives | 100 | 76 |
| Provision of specialist facilities or housing for tenants with particular needs ie extensions | | |
| 6.9 Housing For Varying Needs- Amenity/Adaptations | 796 | 1,077 |
| Conversion of properties to Amenity Level standard | | |
| 6.10 Housing For Varying Needs- Extra Care/Adaptations | 1,487 | 1,314 |
| Adaptations required to ensure existing sheltered housing stock meets current standards | | |
| 6.11/ Roads/Paths<br>6.12 | 450 | 403 |
| Upgrade of Roads to an adoptable standard and the Formation or upgrading of paths | | |
| 6.13 Garages | 1,022 | 531 |
| Upgrade of Garages | | |
| 6.14 New Affordable Housing | 273 | 76 |
| | 11,503 | 7,455 |
| 7 Service Development | | |
| 7.1 Conditions Surveys | 50 | 0 |
| Surveying of Council houses to identify failures against Scottish Housing Quality Standard | | |
| 7.2 Property Database | 150 | 51 |
| Various items of IT equipment including hardware and software | | |
| 7.3 Integrated Housing System | 130 | 81 |
| Various purchase of PC's and software packages | | |
| 7.4 Corporate IT | 150 | 0 |
| | 480 | 132 |
| 8 **Service Expenditure** | | |
| Corporate Fees | 6,012 | 786 |
| | 6,012 | 786 |
| Total Budget | 59,509 | 35,750 |

2009/10  Housing Capital Programme