

ABERDEEN CITY COUNCIL

COMMITTEE:	Housing and Environment
DATE:	13 April 2010
REPORT BY:	Director and City Chamberlain
TITLE OF REPORT:	2009/10 Housing Capital Programme
REPORT NUMBER:	H&E/10/053

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 28 February 2010 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) Note the financial information contained within this report including the use of additional Capital From Current Revenue based on the current forecast out-turn; and
- b) Instruct that the City Chamberlain continues to update the Committee in consultation with the Director for Housing and Environment on the actual out-turn position for 2009/10 following completion of the year end statutory accounts; and
- c) Approve 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 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 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 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 28 February 2010, the previously reported out-turn and the current estimated out-turn.

- 6.8 This highlights that there is an adverse movement in the forecast position compared to that previously reported. A detailed analysis of each line in the budget has been undertaken since the Housing and Environment Committee in February and it has identified that the weather conditions have not had the anticipated effect on spend and that spend will be higher than previously forecast.
- 6.9 There is now a risk that the Housing Capital budget will overspend by an anticipated £800,000 this is being monitored on a weekly basis. Any material variation from this figure will be reported verbally at the Committee on 13 April.
- 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 2009 Housing and Environment Committee and the spend as at 28 February 2010.
- 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 28 February 2010 £43.372 million of the approved budget has been spent to date with an anticipation of £9 million expenditure in the month of March 2010 and a large proportion of this will relate to internal recharges.
- 6.13 It is currently anticipated that the forecast out-turn will be £52.547 million this is above the funded programme of £51.747 million, which will be funded from the additional Capital From Current Revenue.
- 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 28 February 2010. Also outlined is a list of virements in the current programme for approval.

INCOME

- 6.15 The final Capital From Current Revenue (CFCR) contribution will be subject to the final out-turn of the Housing Revenue Account and will be reported to this Committee in due course.

BUDGET RISK ASSESSMENT

- 6.16 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. 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

- 6.17 It is currently estimated, based on figures to date, that the Housing Capital programme out-turn will be higher than budgeted as a result of the carry forward of various projects from 2008/09 principally the structural repairs of the multi storey flats. The anticipated over spend of £800,000 will be funded by the additional CFCR available from the Housing Revenue Account.

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 28/02/10 £'000	Previously Reported Estimated Out-turn £'000	Estimated Out-turn £'000	Notes
Expenditure	59,509	43,372	48,000	52,547	1
Slippage	(7,762)	0	0	0	2
Total Expenditure	51,747	43,372	48,000	52,547	
Funded by:					
Borrowing	(39,247)	(29,477)	(32,666)	(37,388)	3
CFCR	(12,500)	(13,895)	(15,334)	(15,159)	4
Total Income	(51,747)	(43,372)	(48,000)	(52,547)	

(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 28 February 2010 the Council has paid £43.372 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

The Council has approved to undertake borrowing of £39.247 million in 2009/10, however it is currently estimated that a reduced amount of £38.388 million will be required due to the higher level of Capital funded from current revenue.

(Note 4) Capital From Current Revenue (CFCR)

At present it is anticipated that £15.159 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

Housing Capital 2009

Project	11/01/10 Approved Programme £'000	Actual As at 28 Feb £'000	
SCOTTISH HOUSING QUALITY STANDARDS			
1 Compliant with the tolerable standard			
1.1 B.T.S Houses For the refurbishment works to below tolerable standard properties	50	0	
1.2 H.A.A. Council Flats For the refurbishment works to properties in the Housing Action Area	10	0	
	<hr/>	<hr/>	
	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 Structure of the buildings in order to keep the buildings safe and prolong their life.	4,579	2,806	
Structural Repairs General Housing Structural works carried out in order to keep the building stable and structurally sound.	1,560	1,126	
Secondary Building Elements			
2.2 Upgrading Of Flat Roofs General Replacement of existing roof covering and upgrading of insulation to meet current building Regulations.	200	13	
2.3 Upgrade Flat Roofs Multi Storey Full replacement of the flat roofs and also checking the replacement of roof ventilation as required	495	378	
2.4 Major Repairs- Roofs Renewal/Gutters/RWP/Roughcast Undertaking large scale repairs to Roofs/Gutters/RWP/Roughcast	371	23	
2.5 Mono Pitched Types Replacement of the external render of the building, replacement of gutters and downpipes, Environmental works	1,250	651	
2.6 Window Replace General 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.	1,600	524	1
2.7 Window Replace Multi Storey A rolling programme to replace existing double glazing to meet current standards. This is based on a cyclical programme.	324	96	2
2.8 Balcony Storm Doors Replacement of existing doors with more secure, solid doors	60	0	
2.9 Balcony Glass Renewal - Multi Storey Replacement of existing balcony glazing on a cyclical basis	0	0	
	<hr/>	<hr/>	
	10,440	5,617	
3 Energy Efficient			
Effective insulation			
3.1 General Houses Loft Insulation Installation of loft insulation where there is none previously or the topping up of existing Insulation to comply with current building regulations.	70	1	
Efficient Heating			
3.3 Heating Systems Replacement Replacement of boiler/whole system as deemed necessary.	681	451	
3.4 Medical Need Heating Installation of gas/electric heating depending on the medical assessment. This can be installing a completely new system, modifying or extending an existing system.	10	0	
3.5 Energy Efficiency Multi Blocks Funding for the creation of combined heat and power or district heating systems and insulation works	1,020	491	
3.6 Energy Efficiency Sheltered Introduction of energy efficiency measures in sheltered housing such as new or upgraded	320	41	

Project	11/01/10	Actual	
	Approved Programme £'000	As at 28 Feb £'000	
<u>Additional Energy Efficiency measures</u>			
3.7 S.C.A.R.F 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.	20	0	
3.8 Solid Wall Insulation Installation of solid wall insulation where there was none previously.	35	0	
3.9 Vestibule Doors Installation of new doors where there were none before.	10	0	
	<hr/> 2,166	<hr/> 984	
4 Modern Facilities & Services			
<u>Bathroom and Kitchen Condition</u>			
4.1 Modernisation Programme Replacement of bathrooms and kitchens.	26,927	24,864	
4.2 Improvement Compensation	5	4	
	<hr/> 26,932	<hr/> 24,868	
5 Healthy, Safe & Secure			
Healthy			
5.1 Condensation Measures Installation of heating systems and ventilation measures to combat condensation.	50	30	
Safe			
5.2 Smoke Detectors in Dwellings Installation of new smoke detectors or replacement of battery operated smoke detectors with hard wired smoke detectors	426	205	
5.3 Rewiring Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis	1,022	731	
5.4 Lift Replacement Multi Storey/Major Blocks Replacement of lifts where they are beyond economical repair. This can be full replacement replacement of specific parts of the lift.	1,010	347	
5.5 Smoke Detectors In Communal Areas - Major Blocks Installation of smoke detectors in the Communal Areas of Multi Storey blocks	50	12	
5.6 Services Cyclical maintenance/replacement of the following services Ventilation Systems, Water Tanks/Pipework, Refuse Chutes/Chamber Dry Riser Systems, Standby Generators	37	0	
5.7 Entrance Halls/Concierge Provision of security service - under discussion	200	0	
5.8 Laundry Facilities Replacement of laundry equipment	104	41	
5.9 Lighting Of Common Stairs Installation of lighting controlled by photo cell ie switches on and off automatically depending on the level of natural light.	10	0	
5.10 Provision Of External Lighting Installation of lighting in areas where there was none before.	30	0	
Secure			
5.11 Door Entry Systems Installation of door entry and replacement of existing doors where required	103	122	4
5.12 Replace Door Entry Systems - Major Blocks Installation of door entry and replacement of existing doors where required	150	43	
5.13 Other Initiatives Upgrading of stairs and installation of security doors and door entry systems	904	631	
5.14 Crime Prevention/Safety Features Introduction of security measures in the Council housing stock	274	131	
	<hr/> 4,371	<hr/> 2,293	

11/01/10
Approved **Actual as**
Programme **At 28 Feb**
£'000 **£'000**

Project

NON SCOTTISH HOUSING QUALITY STANDARDS

6 Community Plan & Single Outcome Agreement			
6.1 Housing For Varying Needs	2,520	1,654	
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 for new build programme and funding for acquisition of properties from other service accounts or former council houses through the Scottish Government's Mortgage to Rent Scheme.			
6.6 CCTV – Concierge	155	6	
Provision of CCTV for the new Concierge service			
6.7 Adaptations Disabled	1,571	1,461	
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	1,123	5
Conversion of properties to Amenity Level standard			
6.10 Housing For Varying Needs- Extra Care/Adaptations	1,487	1,337	
Adaptations required to ensure existing sheltered housing stock meets current standards			
6.11/ Roads/Paths	450	403	
6.12			
Upgrade of Roads to an adoptable standard and the Formation or upgrading of paths			
6.13 Garages	1,022	677	
Upgrade of Garages			
6.14 New Affordable Housing	273	494	6
	11,615	8,492	
7 Service Development			
7.1 Conditions Surveys	50	0	3
Surveying of Council houses to identify failures against Scottish Housing Quality Standard			
7.2 Property Database	150	61	
Various items of IT equipment including hardware and software			
7.3 Integrated Housing System	130	83	
Various purchase of PC's and software packages			
7.4 Corporate IT	150	0	
	480	144	
8 Service Expenditure			
Corporate Fees	3,444	974	
	3,444	974	
Total Budget	59,509	43,372	

VIREMENTS

SUBTRACTIONS

Note 1 - 2.6 Window Replacement General

Sum to be vired: £500,000

Due to a loss of key technical personnel in Housing Asset Management it has not been possible to undertake works to the full value allowed under this budget heading.

Note 2 - 2.7 Window Replacement Multi Storey

Sum to be vired: £200,000

Due to a loss of key technical personnel in Housing Asset Management it has not been possible to undertake works to the full value allowed under this budget heading.

Note 3 - 7.1 Conditions Surveys

Sum to be vired: £50,000

There has been no requirement for any additional conditions surveys to be carried out on the Council housing stock by external consultants during this financial year.

ADDITIONS

Note 4 - 5.11 Door Entry Systems

Sum to be vired: £50,000

Additional funding has been transferred to this heading to accelerate the installation of door entry systems in walk up flatted blocks.

Note 5 - 6.9 Housing for Varying Need – Amenity Adaptations

Sum to be vired: £400,000

Additional funding is required for this heading due to the late completion of adaptations to 49 cottages in the Northfield area and the committee decision to upgrade to amenity standard any other one or two apartment cottages through out the city when they became vacant.

Note 6 - 6.14 New Affordable Housing

Sum to be vired: £300,000

Additional funding is required for the demolition of Hayton Road.