

CANNOCK CHASE COUNCILCOUNCIL24 JANUARY 2007REPORT OF THE DEPUTY CHIEF EXECUTIVEHOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2006-07**1. Purpose of Report**

- 1.1 To review, in accordance with the Council's agreed Capital Expenditure Control Procedures, the Housing Revenue Account (HRA) Capital Programme for 2006-07 in the light of revised estimates of capital expenditure and available resources.
- 1.2 To consider progress with regard to the implementation of the 2006-07 HRA Capital Programme.

**2. Recommendations**

- 2.1 That the current position with regard to actual and estimated expenditure in respect of the 2006-07 HRA Capital Programme is noted.
- 2.2 That approval is given to incur £109,000 of additional expenditure in respect of the following schemes:
- |     |                                |         |
|-----|--------------------------------|---------|
| (a) | Bevan Lee Estate Redevelopment | £95,000 |
| (b) | Replacement of Roughcast       | £14,000 |
- 2.3 That approval is given to the transfer of £50,480 of expenditure to the 2007-08 HRA Capital Programme in respect of the following schemes:-
- |     |  |         |
|-----|--|---------|
| (a) | Disabled Facility Works to Council Dwellings | £26,480 |
| (b) | Structural Reinstatement of PRC Dwellings    | £24,000 |
- 2.4 That the current position with regard to the estimated availability of resources for 2006-07 is noted and approval is given to carry £6,141,930 of resources forward to 2007-08.

**3. Key Issues**

- 3.1 Expenditure in respect of the 2006-07 HRA Capital Programme is now estimated to be £7,987,790. This compares to £7,997,270, when the programme was reviewed on 27 September 2006, a decrease of £9,480.
- 3.2 Estimated available resources in 2006-07 are now forecast to be £14,129,720. This compares to £14,089,020 when the programme was reviewed on 27 September 2006, an increase of £40,700.

- 3.3 As a result, £6,141,930 of uncommitted resources are to be carried forward, to part finance the HRA Capital Programme in 2007-08 and future years.

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- (a) HRA Capital Resources 2006-07 (Annex 1)
- (b) HRA Capital Programme Expenditure 2006-07 (Annex 2)
- (c) Dwelling Completions 2006-07 (Annex 3)

**Section 1**

1. **Background**

- 1.1 Council on 22 February 2006 determined the HRA Capital Programme for 2006-07.
- 1.2 The agreed programme was subsequently:-
- (a) Reviewed by Council on 28 June 2006 in the light of the outturn expenditure and use of resources for the 2005-06 programme and the (then) revised estimates of capital expenditure and available resources, when:-
    - (i) A net £235,270 reprogramming of expenditure from 2005-06 to 2006-07 was agreed;
    - (ii) Additional expenditure of £350,000 was approved;
    - (iii) The implementation of structural reinstatement schemes for certain Pre-Reinforced Concrete properties was deferred for consideration as part of a future review of the 2007-08 Capital Programme.
  - (b) Reviewed by Council on 27 September 2006 as part of the mid-year review of the Housing Revenue Account, when:-
    - (i) Additional expenditure of £170,000 was approved;
    - (ii) £220,000 of expenditure in respect of the Bevan Lee Redevelopment Scheme was reprogrammed from 2006-07 to 2007-08 and future years.
- 1.3 In accordance with the Council's agreed Capital Expenditure Control Procedures, the agreed 2006-07 HRA Capital Programme (as revised by Council on 28 June and 27 September 2006) has been reviewed again, in the light of actual expenditure at 31 December 2006 and the latest estimates of overall capital expenditure and available resources.

**Section 2**

2. **Estimated Resources and Expenditure 2006-07**

- 2.1 A revised estimate of the housing capital resources which are available in 2006-07 is presented as part of Annex 1, whilst details of the actual and estimated expenditure in relation to the 2006-07 HRA Capital Programme is presented as part of Annex 2. Actual and estimated expenditure relates to the position at 31 December 2006.
- 2.2 The changes since the last report considered by Council on 27 September 2006 in relation to both available resources and estimated expenditure are summarised below:-

<u>Estimated Position Reported 27 September 2006</u>	£	£
Resources available		14,089,020
Less Estimated expenditure		7,997,270
Resources carried forward to 2007-08 *1 (September 2006)	(i)	<u>6,091,750</u>
<u>(Net) Changes in Resources</u>		
(a) Capital Receipts (Sale of Council Houses) *2	38,200(+)	
(b) Capital Receipts (sale of Land) *3	2,500(+)	
	(ii)	<u>40,700(+)</u>
<u>(Net) Changes in Expenditure</u>		
(a) Budget savings *4	68,000 (+)	
(b) Additional Scheme Costs *5	109,000 (-)	
(c) Re-programming of Scheme Costs and slippage to 2007-08 *6	50,480 (+)	
	(iii)	<u>9,480 (+)</u>
Resources carried forward to 2007-08 (Estimated position at 31 December 2006)	(i)+(ii)+(iii)	<u>6,141,930</u>

Notes

- \*1 Transfer of resources to part finance the HRA Capital Programme in 2007-08 and future years in accordance with the Council's Decent Homes Investment Strategy.
- \*2 Additional resources as a result of discount repayments in respect of dwellings previously sold under the RTB.
- \*3 Increase in the value of agreed land sales in 2006-07.
- \*4 Estimated budget savings in respect of:-
- (i) Right to compensation for Tenants Improvements to reflect the reduction in demand (£3,000).
  - (ii) Home Loss and Disturbance payments in respect of the residents of the Cherry Tree House and Cornwall House sheltered housing schemes (£15,000).

- (iii) Upgrading Electrical Systems as a result of a reduction in the number of complete rewires

\*5 Additional scheme costs in respect of:-

- (i) Security measures for vacant dwellings which are awaiting demolition as part of Phases II and III of the Bevan Lee Estate Redevelopment Scheme (£95,000).
- (ii) The replacement of the existing roughcast to 8 dwellings in the Broomhill area (£14,000). N.B. The work has been undertaken as part of the agreed 2006-07 Repairs and Maintenance budget but is to be transferred to the HRA Capital Programme in accordance with accountancy procedures.

\*6 Re-programming and slippage of scheme costs to 2007-08 as a result of:-

- (i) Slippage in respect of disabled facility works to Council dwellings following the refusal of planning permission for two large projects (£26,480).
- (ii) Re-scheduling the profile of fee payments regarding the formulation of a scheme for the structural reinstatement of PRC dwellings at Braemar Road, Norton Canes and Larch Road, Brereton (£24,000).

2.3 Actual expenditure at 31 December 2006 is £5,540,362 which represents 69.3% of the total agreed expenditure for 2006-07 (£7,997,270).

2.4 Although the level of actual expenditure is slightly below the predetermined target (70%) for the third quarter, there is also an amount of work in progress which is not reflected in the expenditure accounts at this stage.

2.5 The four major programmes (replacement of central heating, kitchen and bathroom, electrical upgrading and external envelope works) are progressing in accordance with the targets included within predetermined delivery plans and the programme to replace the existing door entry systems to certain communal flats will commence in February 2007.

2.6 A small amount of slippage (£26,480) has however occurred in respect of the provision of disabled facility works to Council dwellings following the refusal of planning permission for two major projects. In addition, the profile of fee payments regarding the formulation of a scheme for the structural reinstatement of certain PRC dwellings has been revised and as a result, £24,000 has been re-programmed for 2007-08.

2.7 It is not therefore considered that there will be any further slippage in the delivery of the 2006-07 HRA Capital Programme at this stage.

2.8 Further information regarding the implementation of the 2006-07 HRA Capital Programme in respect of dwelling completions is presented as Annex 3.

**Section 3**

3. **Estimated Resources and Expenditure for 2007-08 and Future Years**

- 3.1 Details of estimated available resources and expenditure requirements for 2007-08 and future years will be considered by Cabinet on 22 February 2007.

**Section 4**

4. **Contribution to CHASE**

- 4.1 The implementation of the 2006-07 HRA Capital Programme will contribute to CHASE by ensuring that the Council's housing stock meets the decent homes standard by 2010.

**Section 5**

5. **Section 17 (Crime Prevention) Implications**

- 5.1 The renewal of certain door entry systems will have positive implications for crime prevention.

**Section 6**

6. **Human Rights Act Implications**

- 6.1 There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

**Section 7**

7. **Data Protection Act Implications**

- 7.1 There are no identified implications in respect of the Data Protection Act arising from this report.

**Section 8**

8. **Risk Management Implications**

- 8.1 There are a number of risks associated with the delivery of the three year HRA Capital Programme, which include:-
- (a) Uncertainties regarding the generation of capital resources, particularly capital receipts from the sale of Council dwellings.
  - (b) Potential delays regarding the financial year when capital receipts from agreed land sales will be received.
  - (c) Potential delays in implementing agreed schemes on site as a result of tenant refusals, delays in utility suppliers providing the necessary connections, inclement weather conditions and skill shortages in the building industry.

8.2 As a result:-

(a) Expenditure in respect of the agreed HRA Capital Programme could exceed estimated resources, thus placing the Council in an ultra vires position;

or

(b) The agreed expenditure targets may not be met as a result of slippage in respect of agreed schemes.

8.3 The Council's agreed Capital Expenditure Control Procedures seek to minimise the risks identified above, through regular monitoring of both available housing capital resources and actual and forecast expenditure, which include quarterly reports to Council.

**Section 9**

9. **Legal Implications**

9.1 The legal implications are set out throughout the report.

**Section 10**

10. **Financial Implications**

10.1 The financial implications have been referred to throughout the report.

**Section 11**

11. **Human Resource Implications**

11.1 There are no human resource implications arising from this report.

**Section 12**

12. **Conclusions**

12.1 That the recommendations set out in Section 2 of the preceding report are agreed.

**Section 13**

13. **Background Papers**

**Annexes**

(a) HRA Capital Resources 2006-07 (Annex 1)



- (b) HRA Capital Programme Expenditure 2006-07 (Annex 2)
- (c) Dwelling Completions 2006-07 (Annex 3)

2006-07 HRA CAPITAL PROGRAMME – ESTIMATED AVAILABLE RESOURCES

	<u>Estimated Resources (22 Feb. 2006)</u>	<u>Estimated Resources (28 June 2006)</u>	<u>Estimated Resources (27 Sept. 2006)</u>	<u>Estimated Resources (31 December 2006)</u>
Resources Brought Forward	5,998,000	6,569,160	6,569,160	6,569,160
Supported Capital Expenditure	420,000	420,000	420,000	420,000
Regional Housing Pot Grant Allocation	500,000	-	-	
Capital Receipts (Sale of Council Houses)	1,077,000	1,231,200	1,231,200	1,269,400
Capital Receipts (Sale of Land)	1,208,000	1,089,500	271,000	273,500
Major Repairs Allowance	3,133,000	3,083,420	3,083,420	3,083,420
Revenue Contribution to Capital Outlay	2,283,000	2,643,000	2,643,000	2,643,000
Energy Efficiency Commitment Monies	50,000	48,200	48,200	48,200
Adjustment for Private Sector Housing Activities	-	(176,960)	(176,960)	(176,960)
<b>Total Resources Available</b>	<b>14,669,000</b>	<b>14,907,520</b>	<b>14,089,020</b>	<b>14,129,720</b>
Less Committed Expenditure (HRA Schemes)	(8,107,000)	(8,092,270)	(7,997,270)	(7,987,790)
<b>Resources Carried Forward to 2007-08</b>	<b>6,562,000</b>	<b>6,815,250</b>	<b>6,091,750</b>	<b>6,141,930</b>

## Annex 2

## Housing Revenue Account Capital Programme Expenditure 2006-07

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Programme Anticipated September 2006	2006-07 Programme Actual 31 December 2006	2006-07 Programme Anticipated 31 December 2006	2006-07 Variance (Sept / Dec Anticipated 2006
	<u>SUMMARY - HOUSING</u>	£	£	£	£	£	£
	Enabling Role	298,000	655,970	520,970	455,269	600,970	80,000
	Mandatory Expenditure	323,000	331,480	331,480	130,942	302,000	-29,480
	Improvements	4,812,000	4,440,140	4,480,140	3,195,177	4,456,140	-24,000
	Enhancements	2,674,000	2,664,680	2,664,680	1,758,975	2,628,680	-36,000
	Contingency						
	<b>TOTAL</b>	<b>8,107,000</b>	<b>8,092,270</b>	<b>7,997,270</b>	<b>5,540,362</b>	<b>7,987,790</b>	<b>-9,480</b>

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Programme Anticipated September 2006	2006-07 Programme Actual 31 December 2006	2006-07 Programme Anticipated 31 December 2006	2006-07 Variance (Sept / Dec) Anticipated 2006
	<u>ENABLING ROLE</u>	£	£	£	£	£	£
C439	- Home Loss and Disturbance Payments (Cherry Tree House and Cornwall House)	0	200,000	155,000	124,509	140,000	-15,000
C683	- PRC re-development: (Bevan Lee Estate)	298,000	455,970	235,970	316,129	330,970	95,000
C701	- Demolition Costs (Cherry Tree House and Cornwall House)	0	0	130,000	14,631	130,000	0
	<b>Sub-Total</b>	<b>298,000</b>	<b>655,970</b>	<b>520,970</b>	<b>455,269</b>	<b>600,970</b>	<b>80,000</b>

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Programme Anticipated September 2006	2006-07 Programme Actual 31 December 2006	2006-07 Programme Anticipated 31 December 2006	2006-07 Variance (Sept / Dec) Anticipated 2006
	<u>MANDATORY EXPENDITURE</u>	£	£	£	£	£	£
C029	Disabled Facilities Works - Council Dwellings	318,000	326,480	326,480	130,942	300,000	-26,480
C031	Right to Compensation: - Tenants Improvements	5,000	5,000	5,000	0	2,000	-3,000
	<b>Sub-Total</b>	<b>323,000</b>	<b>331,480</b>	<b>331,480</b>	<b>130,942</b>	<b>302,000</b>	<b>-29,480</b>

CODE NAVISION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Programme Anticipated September 2006	2006-07 Programme Actual 31 December 2006	2006-07 Programme Anticipated 31 December 2006	2006-07 Variance (Sept / Dec) Anticipated 2006
	<b>IMPROVEMENTS</b>	£	£	£	£	£	£
C438	Reinstatement of PRC Dwellings	648,000	48,000	48,000	3,374	24,000	-24,000
C680	Replacement of Kitchens & Bathrooms - 2005-06 to 2008-09	2,956,000	2,950,590	2,950,590	2,263,165	2,950,590	0
C699	Central Heating Programmes: -Replacement of Partial 2005-06 to 2008-09	1,044,000	1,127,550	1,127,550	731,672	1,127,550	0
C684	Estate Security 2004-05 to 2007-08	5,000	5,000	45,000	5,151	45,000	0
C695	Void Properties - Decent Homes	159,000	309,000	309,000	191,815	309,000	0
	<b>Sub-Total</b>	<b>4,812,000</b>	<b>4,440,140</b>	<b>4,480,140</b>	<b>3,195,177</b>	<b>4,456,140</b>	<b>-24,000</b>

CODE NAVIGATION	Scheme Detail	2006-07 Programme 22 February 2006	2006-07 Programme Commitments June 2006	2006-07 Programme Anticipated September 2006	2006-07 Programme Actual 31 December 2006	2006-07 Programme Anticipated 31 December 2006	2006-07 Variance (Sept / Dec) Anticipated 2006
	<b>ENHANCEMENTS</b>						
C692	Upgrading of Electrical Systems: - 2005-06 to 2008-09 Programmes	605,000	605,000	605,000	291,783	555,000	-50,000
C681	External Envelope Works - 2005-06 to 2008-09 Programmes	2,069,000	2,059,680	2,059,680	1,467,192	2,059,680	0
	Replacement of Roughcast	0	0	0	0	14,000	14,000
	Sub-Total	2,674,000	2,664,680	2,664,680	1,758,975	2,628,680	-36,000

**ANNEX 3****2006-07 HRA CAPITAL PROGRAMME – DWELLING COMPLETIONS**

<u>Scheme</u>	<u>Dwelling Completions Target 2006-07</u>	<u>Actual Completions (31 December 2006)</u>	<u>Estimated Completions 2006-07</u>
(a) Disabled Facilities Works (Council Dwellings)	61	25	54 <sup>*1</sup>
(b) Replacement of Kitchens and Bathrooms	Kitchens 570	386	570
	Bathrooms 260	211	260
(c) Replacement of Central Heating Systems	255	172	255
(d) Upgrading of Electrical Systems	580	329	580
(e) External Envelope Works	850	566	835 <sup>*2</sup>

Notes

\*1 Reduction in number of completions due in part to two large projects being aborted following the refusal of planning permission.

\*2 Reduction in the number of completions due to the deletion of dwellings from the programme as a result of RTB sales.