

DECISION-MAKER:	COUNCIL		
SUBJECT:	HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2008/09 – 2010/11		
DATE OF DECISION:	17 September 2008		
REPORT OF:	CABINET MEMBER FOR HOUSING AND LOCAL SERVICES		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

Southampton City Council is committed to meeting the decent homes standard for its housing stock by 2010 and is shaping its capital programme to meet tenants' aspirations to live in decent neighbourhoods.

This report updates the Housing Revenue Account (HRA) Capital Programme that was approved by Council in February 2008, as amended in July 2008 to reflect the actual level of spend in 2007/08. The size of the HRA Capital Programme largely depends on the forecast level of available resources.

The detailed spending plans reflect the priorities set out in the HRA Business Plan and have been agreed with tenants. It is expected that with this programme of improvement works the objective of ensuring that all Council owned homes reach the decent homes standard by 2010 will still be achieved.

RECOMMENDATIONS:

- (i) To approve the revised Housing Revenue Account (HRA) Capital Programme set out in Appendix 1.
- (ii) To approve the use of resources to fund the HRA Capital Programme as shown in Appendix 3, including the use of unsupported borrowing in total of £2.15M.

REASONS FOR REPORT RECOMMENDATIONS

1. The update of the HRA Capital Programme must be undertaken twice a year in accordance with the Council's policy.

CONSULTATION

2. The tenant association representatives have considered the size and content of the HRA capital programme as part of the consultation on the overall budget process and their views have been reflected in the proposals in this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The update of the HRA Capital Programme is undertaken within the resource constraints imposed on it. Alternative options for new capital spending are tenant driven, based on technical advice from officers, the result of the stock condition and other surveys and the approved HRA Business Plan.

DETAIL

Housing Revenue Account Capital Programme spending plans

4. The programme presented to Council in February 2008, amended in July 2008, has been revised taking into account the latest cost and phasing of schemes and the forecast change in resources described later in the report. The table below provides a breakdown by programme area:

	2008/09 £M	2009/10 £M	2010/11 £M	TOTAL £M
Decent Homes	17.677	13.595	11.707	42.979
Decent Homes Plus	11.279	5.474	3.942	20.695
Decent Neighbourhoods	3.747	5.051	2.092	10.890
Other	0.848	0.315	0.323	1.486
Total	33.551	24.435	18.064	76.050

5. The detailed programme can be found at appendix 1
6. The change in the overall HRA programme is summarised in the following table:

	2008/09 £M	2009/10 £M	2010/11 £M	TOTAL £M
Proposed Programme	33.551	24.435	18.064	76.050
Current Programme *	33.857	22.106	17.844	73.807
Variation	-0.306	2.329	0.220	2.243

* The current programme has been adjusted to take account of the deletion of CHP.

7. As the previous table shows there has been an increase in the programme, the main changes are detailed in the table below. Explanations of the main changes are contained in Appendix 2.

	2008/09 £M	2009/10 £M	2010/11 £M	TOTAL £M
Decent Homes	2.011	0.519	0.871	3.401
Roof Replacement	-0.100	0.000	0.000	-0.100
Lift Refurbishment	0.142	0.000	0.000	0.142
Electronic Concierge	0.806	0.000	0.000	0.806
Door & Window Upgrade	0.194	0.000	0.000	0.194
Sheltered Accommodation Bedsit Upgrade	-0.716	-0.742	-0.743	-2.201
Thornhill EIP	-2.095	2.003	0.092	0.000
Other	-0.548	0.549	0.000	0.001
Total	-0.306	2.329	0.220	2.243

Capital Resources

8. The resources which are available to fund the HRA Capital Programme comprise:-
- ◆ HRA Supported Borrowing
 - ◆ Unsupported Borrowing
 - ◆ Usable Capital Receipts
 - ◆ Grants and Contributions from third parties
 - ◆ Direct Revenue Financing (DRF) and
 - ◆ The Major Repairs Allowance (MRA)
9. Supported borrowing is the amount of borrowing that the Government assumes a local authority will undertake in calculating its entitlement to HRA subsidy, and for the General Fund, Revenue Support Grant.
10. Unsupported borrowing is any additional borrowing that the Council chooses to make but, in order to do this, it must be satisfied it can meet the resulting capital financing costs from its revenue budgets. There is therefore no absolute limit on the level of borrowing but the key focus is on the ability to meet the capital financing costs in the long term.
11. When the Rent Constraint Allowance was withdrawn in 2008/09, DCLG announced that there would be some form of replacement from 2009/10. There has now been an indication as to what the replacement will be. The new system will work a year in arrears – so in 2009/10 compensation will be

received following the 5% rent cap guidance but using the figures for 2008/09. Preliminary indications show that the benefit would be £1M per annum. This would reduce the payments made to DCLG. The proposed programme therefore includes an additional £2M of HRA Subsidy, which comes through as additional DRF.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

12. Contained in the main detail of the report.

Revenue

13. Contained in the main detail of the report.

Property

14. None

Other

15. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

16. The provision, maintenance and improvement of social housing by local authorities is authorised by various Housing Acts and other legislation.

Other Legal Implications:

17. There are no specific legal implications arising from the proposals contained in this report.

POLICY FRAMEWORK IMPLICATIONS

18. The HRA Capital Programme forms part of the Council's overall Budget and is therefore a key part of the Council's Budget and Policy Framework.

19. It is expected that with this programme of improvement works the objective of ensuring that all Council owned homes reach the decent homes standard by 2010 will still be achieved.

SUPPORTING DOCUMENTATION

Appendices

1.	HRA Capital Programme - Detail
2.	Explanation of main changes
3.	Use of Resources

Documents In Members' Rooms

1.	None
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Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None	
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Background documents available for inspection at:

FORWARD PLAN No:

KEY DECISION?

NO

WARDS/COMMUNITIES AFFECTED:	The HRA Capital Programme will affect council tenants living in all wards of the City.
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