

DECISION-MAKER:	COUNCIL		
SUBJECT:	HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2010/11 – 2012/13		
DATE OF DECISION:	15 SEPTEMBER 2010		
REPORT OF:	CABINET MEMBER FOR HOUSING		
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

Southampton City Council is committed to 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 in February 2010, as amended in July 2010 to reflect the actual level of spend in 2009/10. 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 discussed with tenants' representatives.

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 (prudential) borrowing in total of £11.706M, for the following purposes:
 - £2.150M to support the overall programme (unchanged from the report in July 2010)
 - £2.230M to fund the Digital TV proposals
 - £3.356M to fund approximately 50% of the New Build schemes added to the capital programme
 - £0.870M to fund the estate regeneration programme pending the receipt of the capital receipts from the sale of the sites
 - £3.1M of short term borrowing to sustain the programme in 2010/11

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 HRA Capital Programme is based on the priorities in the HRA Business Plan and developed with tenant representatives. The council works with tenant association representatives in discussing and considering the capital programme in a series of meetings. Tenants and leaseholders representatives have formed a Capital Group since 2006 made up of residents who have local knowledge of the areas in which they live. The size and content of the expenditure is discussed and agreed with residents at these meeting as well as at biannual Tenants' Conferences.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The update of the HRA Capital Programme is undertaken within the resource constraints imposed upon it.

DETAIL

Background

4. This report compares the overall size and phasing of the portfolios capital programme that was approved at Council on 14 July with that now being presented to Council. It also draws attention to any changes in resources that impact on spending plans. The full programme is attached at appendix 1.

Overall position

5. The report to Council in February 2010 noted that there was a resource shortfall of £2.5M. The options for closing this gap included obtaining more grant from the HCA, spending reductions or prudential borrowing. There was no material change to this position when the outturn for 2009/10 was presented to Council in July.
6. The latest capital programme now being presented to council has expenditure reductions of £1.4M and additional resources of £1.1M. The reasons for these changes are explained in the paragraphs below and Appendix 2.
7. This means that there is now a balanced programme, with expenditure plans matching with forecast resources

Changes to spending plans

8. The programme presented to Council in February 2010, amended in July 2010, has been revised taking into account the latest cost and phasing of schemes and the forecast change in resources described later in the report.

9. The change in the overall HRA programme is summarised in the following table:

	2010/11	2011/12	2012/13	L.Years	Total
	£000	£000	£000	£000	£000
July Programme	39,038	23,364	18,719	0	81,121
September Programme	40,720	21,062	17,947	25	79,754
Change	1,682	(2,302)	(772)	25	(1,367)

10. The detailed programme is shown at Appendix 1. The main changes in total scheme spending are set out below:

- Shirley Towers - £0.979M saving
Following lengthy testing and inspections of individual windows at Shirley Towers we have concluded that there are no major failings with the original windows other than some individual gaskets, hinges, locks failing etc. Any local repairs required will be carried out when reported via Actionline by our day to day maintenance team.
- Roof replacement in Townhill Park - £0.350M saving
The tender return for the Townhill Roof Replacement Programme was less than the pre-tender estimate.
- Digital TV - £0.370M saving
The Tender return was lower than the pre-tender estimate.
- Estate Regeneration at Hinkler Road - £0.318M increase
There are projected over-spends for this financial year arising from the financial difference between actual costs and the agreed contribution from Thornhill Plus You for the community facility and shops, plus additional professional fees and costs for commercial tenant relocations over estimate.

11. There is also a significant change in spending between 2010/11 and 2011/12. The main issues are:

- There is slippage of £1.8M across Decent Neighbourhoods projects in 2010/11 which is made good in subsequent years
- There is additional spending of £0.7M on Estate Regeneration as these projects are progressing faster than planned, most of which is offset by lower spending in subsequent years
- There is additional spending of £1.35M on disabled adaptations for 2010/11, which leaves a budget provision of £0.675M in 2011/12 and 2012/13.
- Spending of £2.4M on decent homes has been brought forward to enable work to continue for the period January to March 2011 and to fund additional take-up as explained in Appendix 2.

12. Details of all changes over £100,000 are in Appendix 2.

13. Estate regeneration is the main priority for the administration. There will be a full review of all unapproved capital spend programmed for 2011/12 and 2012/13, with the intention of maximising support for future estate regeneration projects.

Capital Resources

14. 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)
 - The Major Repairs Allowance (MRA)
15. Appendix 3 contains an explanation of these terms and a forecast of the resources available. Reasons for the changes in resources are set out below:
- The Council has received £2.5M from the HCA but there are still conditions attached to using this money. It has previously been assumed that £0.26M would be received. The forecast assumes that these conditions can be satisfied and that the extra £2.24M is available to fund some of our Estate Regeneration costs.
 - Prudential borrowing has been reduced by £0.37M to match the reduced costs of the digital TV project. The revenue costs of this borrowing are covered by a specific service charge to tenants who are provided with the new digital facilities.
 - The capital receipts forecast has been reduced by £0.8M. Previous forecasts had assumed that capital receipts from non-dwelling asset sales of £1.6M would be delivered over the period of the programme. Whilst this remains an objective it is unlikely that the full sum will be delivered so only £0.8M is now included in the resource forecast.
 - Right-to-buy receipts of 0.28M have been retained in the HRA to fund the net increase in costs on the estate regeneration project
 - A provision of £0.3M has been made to refund grant that has been received in previous years from Thornhill Plus You. This arises as there have been savings on the schemes that they were funding.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

16. Contained in the main detail of the report.

Revenue

17. Contained in the main detail of the report.

Property

18. The proposals within this report are consistent with the Council's strategy for maintaining its housing stock.

Other

19. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

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

Other Legal Implications:

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

POLICY FRAMEWORK IMPLICATIONS

22. 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.
23. It is expected that with this programme of improvement works the objective of ensuring that Council-owned homes reach the decent homes standard by 2010 will be achieved.

SUPPORTING DOCUMENTATION

Appendices

1.	HRA Capital Programme 2010/11 to 2012/13.
2.	Explanation of main spending changes
3.	Forecast of HRA capital resources and explanation of terms.

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:

KEY DECISION? NO

WARDS/COMMUNITIES AFFECTED:	None
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