

**Executive Member for Housing and Adult
Social Services and Advisory Panel**

16th March 2009

Report of the Director of Housing and Adult Social Services

Housing and Adult Social Services Capital Programme – Monitor 3

Summary

1. The purpose of this report is to:
 - Inform Members of the likely outturn position of the 2008/09 Capital Programme based on the spend profile and information to January 2009;
 - To seek approval to any resulting changes to the programme;
 - Inform the Executive Member of any slippage and seek approval for the associated funding to be moved between the relevant financial years to reflect this.

2. Council approved the 2008/09 – 2010/11 capital programme on 21st February 2008. Since then a number of amendments have taken place as reported to Executive Members in the 2007/08 Capital Outturn report. These changes have resulted in a current approved capital programme for 2008/09 of £9,249k, financed by £8,744k of external funding, leaving a cost to the Council of £505k. Table 1 illustrates the movements from the original budget to the currently approved position.

Table 1 - Current Approved Capital Programme

	Gross Budget £k	External Funding* £k	Revenue Contribution £k	Right to Buy Receipts £k	Capital Receipts £k
Original Budget Approved by Council at 21 Feb 2008	8,834	7,681	287	611	255
Re-profiling to 09/10 & 10/11 from 07/08 outturn report	0	0	0	0	0
Additions / Reductions from 07/08 outturn report	451	(56)	351	130	26
Approved Changes at Monitor 1	(136)	42	149	(484)	157
Approved Changes at Monitor 2	100	160	0	(127)	67
Current Approved Capital Programme	9,249	7,827	787	130	505

*External funding refers government grants, non-government grants, other contributions, developers' contributions and supported capital expenditure.

3. The capital receipts column above implies receipts generated from the sale of Council assets will be used to fund the difference between the gross budget less all other specified funding sources. Due to the current economic climate not being favourable to achieving maximum receipt value from asset disposals, corporately consideration will be given to the use of prudential borrowing to fund the capital programme as a temporary measure. When the economic climate returns to a more favourable state assets will be sold with the receipts being applied to finance the programme thus replacing the temporary borrowing.
4. A corporate reporting template has been set for reporting progress with capital programmes across all directorates and hence there is a change to the previous formats members will have been familiar with.

Consultation

5. The capital programme was developed under the Capital Resource Allocation Model (CRAM) framework and agreed by Council on 21 February 2008. Whilst the capital programme as a whole is not consulted on, the individual scheme proposals do follow a consultation process with local Councillors and residents in the locality of the individual schemes.

Summary of Key Issues

6. Against the current approved budget of £9,249k, there is a predicted outturn of £9,077k, a net decrease of £172k.
7. The net decrease is comprised of the following:
 - Overspends costing £154k
 - Under spends of £274k
 - Slippage into 09/10 of £52k
8. Table 2 highlights the scheme specific information:

Table 2 Capital Programme Forecast Outturn 2008/09 – 2010/11

Gross HASS Capital Programme	2008/09 £'000	2009/10 £'000	2010/11 £'000	Total £'000	Paragraph Ref
Current Approved Capital Programme	9,249	8,848	8,950		
Adjustments:					
Installation and Replacement of Heating Systems	67			67	10
Communal Access Flooring	(5)			(5)	11
Internal Communal Security Lighting	1			1	11
York Repair Grant	66			66	12
Landlords Housing Grant	(25)			(25)	12
Decent Homes Grants	(35)			(35)	12
Energy Efficiency Grant	20			20	12
Homeless Hostel	(56)			(56)	13
Tenants Choice - Backfills	(45)			(45)	14
Tenants Choice – Tang Hall	(70)			(70)	15
Electrical Upgrades	(52)	52		0	16
Tenants Choice – Horsman Avenue	(38)			(38)	17
Revised Capital Programme	9,077	8,900	8,950		

9. To the end of January there was £6,796k of capital spend representing 73% of the approved budget, compared to 70% for the same period in 2007/08.

Scheme Specific Analysis

10. Installation and Replacement of Heating systems – an overspend is forecast due to an increased amount of heating appliances having required replacement following their annual servicing, this is predominantly due to the ageing appliances in the Housing Stock and new regulations governing safety.
11. Communal Access Flooring and Internal Communal Security Lighting– both these programmes have been completed with minor variations to the budget sums.
12. Private Sector Renewal Grants – The over spend on the York Repair Grant and the Energy Efficiency Grant is due to increase demand by vulnerable customers . The underspends on the two Landlords Housing Grants are due to lack of uptake. All these budgets are wholly funded by the Regional Housing allocation, and are on target to be fully spent in 2008/2009

13. Homeless Hostel – The project has run over a two year period and resulted in an underspend against the original estimation predominantly due to cost savings in procurement and a reduction in the need for professional fees
14. Tenants Choice - Backfills– the authority pledges to undertake backfill Tenants Choice modernisations within 12 months of customers taking up tenancies of homes that qualify and hence the value/volumes are not fixed but linked to number and spread of void properties. The average costs and projections therefore vary throughout the year with a current projection of an underspend against budget
15. Tenants Choice – Tang Hall - An underspend has occurred through savings on the scheme resulting predominantly in a reduced average unit cost per home then projected.
16. Electrical Upgrades – Slippage of £52k has occurred due to delays in commissioning and undertaking surveys, this work will occur in 2009/10. As the work involves electrical mains upgrades and not significant modernisation the delay should not affect customers in terms of works they are expecting.
17. Tenants Choice – Horsman Avenue- This programme has been completed resulting in an underspend due to a slight reduction in average unit costs.

Summary

18. Summary of the latest position -

	Gross Budget £'000	External Funding* £'000	Revenue Contribution £'000	Right to Buy Receipts £'000	Capital Receipts £'000
Latest Monitor 3 Position	9,077	7,711	787	130	449

19. Members will recall that the second monitoring report in December noted that no Right To Buy Sales had been completed during the current financial year. The position has not changed since the December report and therefore the forecast for sales remains 0. The RTB receipts showing in the table above are those brought forward from 2007/08 to fund slippage on the Howe Hill scheme. As there is now a forecast underspend on the Howe Hill scheme these receipts will be used to support the remaining HASS programme thus reducing the call on corporate funding.

Options and Analysis

20. The report is primarily an information report for Members and therefore no options are provided to Members.

Corporate Priorities

21. The capital programme is decided through a formal process, using a Capital Resource Allocation Model (CRAM). CRAM is a tool used for allocating the Council's scarce capital resources to schemes that meet corporate priorities.

Implications

22. The **Financial Implications** arising from this report are considered in the main body of the report. There are no **HR, Equalities, Legal, Crime and Disorder, Information Technology** or **Property implications** as a result of this report

Risk Management

23. The capital programme is regularly monitored as part of the corporate monitoring process. In addition to this the Capital Asset Management Group (CAMG) meets regularly to plan monitor and review major capital receipts to ensure that all capital risks to the Council are minimised.

Recommendations

24. That the Advisory Panel advise the Executive Member to:
- Note the progress on schemes;
 - Approve variations in paragraph 7.

Reason: to enable the effective management and monitoring of the Council's capital programme

Contact Details

Author:
Mark Grandfield
Asset Manager
HASS

Chief Officer Responsible for the report:
Steve Waddington
Head of Housing Services

Report Approved **Date** 11th Feb 09

Specialist Implications Officer(s)

Finance: Jayne Close, Housing Accountant, HASS Finance, Tel 554175

Wards Affected:

All

For further information please contact the author of the report

Background Papers: None

Annexes: None