

WEST DUNBARTONSHIRE COUNCIL

Report by Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services)

Council: 8 February 2007

Subject: HRA Capital Programme 2007/2008

1. Purpose

- 1.1** This report seeks approval for the 2007/2008 HRA Capital Programme.

2. Background

- 2.1** The 2005/2006 and 2006/2007 HRA capital programmes were affected by changes to the methodology for calculating Local Authority grant allocation. This resulted in the deferment of many HRA capital projects where owner occupiers were involved. Confirmation is awaited of the Council's PSHG allocation for 2007/2008 and it is anticipated that the final allocation may be slightly higher than the amount awarded in 2006/2007.
- 2.2** Given the situation as outlined in 2.1 above, it is intended that the Council's Grants Section and the Capital Programme Unit will work together to give consideration to using Private Sector Housing Grant (PSHG) together with housing capital to allow implementation of previously deferred projects. The level of grant resources which can be made available depends on the allocation from Communities Scotland having regard to other competing priorities.
- 2.3** With regard to budget heads such as Re-Roofing, Door Entry/Close Upgrade, Building Improvement and Metal Roof/Overclad Projects, the proposed 2007/2008 HRA Capital Programme seeks to carry out projects deferred by Council in 2006/2007 wherever possible. However, given the uncertainty regarding the PSHG allocation, the Capital Programme Unit has also developed an extensive reserve list of 'tenant - only' blocks, which can be used to replace heavily owner occupied projects should the need arise, thus maximising budgetary expenditure. However, some projects deferred in 2005/2006 and 2006/2007 will be carried forward as recommended 2007/2008 projects with early adjustments being made to the HRA Capital Programme if required.
- 2.4** In order to have projects on site early in 2007/2008 and to provide continuity on larger rolling programmes it is necessary to proceed with contract preparation and issue contract acceptances as early as possible on the basis of budgets having been approved. This report therefore seeks approval for the 2007/2008 HRA capital programme.

- 2.5** Section 3 of this report provides details of the projects included in the budget and seeks to divide investment equally between Clydebank and Dumbarton/Vale of Leven where practicable.
- 2.6** Full details of the capital programme as it affects years 2008/09 and 2009/10 will be reported to the Council meeting scheduled to be held on 28 February 2007.

3. HRA Capital Programme - Proposed 2007/2008 Budgets

- 3.1** A number of the 2006/2007 budgets will be committed but will not achieve full spend by 31 March 2007. There is no requirement to amend these budgets as any underspend against the budgets in 2006/2007 will be carried forward as committed expenditure against 2007/2008 budgets. With the introduction of the prudential borrowing regime there is no longer an issue of “forfeiting” borrowing consent as a result of underspending budgets. Instead, any borrowing that was planned but has not been taken up in 2006/2007 can be taken up in 2007/2008, in addition to planned new borrowing, as long as it is prudent to do so.
- 3.2** The recommended 2007/2008 HRA capital programme is detailed below and is also summarised in the appendix to this report.

Demolitions

- 3.2.1** Proposed 2007/2008 Budget £150,000
It is recommended that the 2007/2008 demolition budget be approved at this level to allow for the completion of demolition contracts commenced in 2006/2007 and carried forward at financial year end.

Kitchen Upgrades

- 3.2.2** Proposed 2007/2008 Budget £4,000,000
It is recommended that the 2007/2008 kitchen upgrade budget be approved at this level to allow continued forward programming and ensure continuity in the kitchen supply and installation programme. It is proposed that the programme be prioritised on the basis of current condition of kitchen units as directed by the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Environmental Projects (Fencing and Non-fencing)

- 3.2.3** Proposed 2007/2008 Budget - £1,250,000
It is recommended that the 2007/2008 budget be established to enable continued planning and programming with the previously agreed fencing priorities being carried out with a minimum of disruption. It is proposed that the decision on location of fencing projects and the priorities for non-fencing environmental improvements be delegated to the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener. Part of the 2007/2008

budget will carry forward projects and programmes approved or commenced in 2006/2007.

CCTV

3.2.4 Proposed 2007/2008 Budget - £25,000

This is a contingency budget to undertake necessary upgrades to existing equipment where needed. It is therefore recommended that the 2007/2008 budget be set at a similar level to 2006/2007.

Safety/Security Projects

3.2.5 Proposed 2007/2008 Budget - £70,000

It is recommended that the 2007/2008 budget for providing safety and security be set at the same level as the 2006/2007 budget to ensure continuity of service for the programme managed by Lomond and Clyde Care and Repair and to enable planning and programming to continue for the Police/Housing Security Partnership Project.

Close Upgrades

3.2.6 Proposed 2007/2008 Budget - £300,000

The provision of secure door entry systems to common closes is a requirement of the Scottish Executive's Scottish Housing Quality Standard (SHQS) which the Council is required to work towards achieving in all its houses. The work includes door entry system installation, close and back green lighting upgrades, close window repair or renewal and close painting. Given the uncertainty regarding PSHG, closes included in 2006/2007 projects where owners were involved were deferred. It is recommended that these deferred addresses be carried forward into 2007/2008, and that budget be established to enable an early site start on additional priority addresses. In the event of PSHG being unavailable approval is sought to establish a separate contract for closes including owners, which will seek to install secure door entry systems only. It is recommended that identification of closes for this budget be delegated to the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Special Needs - Major Projects

3.2.7 Proposed 2007/2008 Budget - £325,000

This is a contingency budget to undertake major conversion project(s) where other budgets are inadequate to meet the cost. This budget has been increased in recognition of the historic underfunding of Special Needs provision, which led to a waiting list in excess of £500,000 in 2006/2007. It is recommended that projects funded via this budget be identified via delegation to the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Communal/Digital TV Systems

3.2.8 Proposed 2007/2008 Budget - £280,000

It is recommended that this 2007/2008 budget, which incorporates an expected carry forward of commitments from 2006/2007, be approved. This

budget will fund the rolling programme to upgrade all communal TV systems to digital capability, and the increase is required to ensure that all systems are digital ready by 2009.

Building Improvement Programme

3.2.9 Proposed 2007/2008 Budget - £600,000

This budget will include for existing 2006/2007 contracts carried forward into 2007/2008. It is recommended that this budget also incorporates some deferred projects from the 2006/2007 programme, together with additional priority addresses. Should a lack of PSHG make projects untenable, they will be deferred and replaced with all – tenant ‘reserve’ projects. Early approval will ensure that adequate budget is available to accept contracts and enable planning and programming to commence, with a view to having projects on site by summer 2007. This will allow advantage to be taken of the better weather likely during the summer thereby minimising underspend at financial year end. It is recommended that projects to be identified be delegated to the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Re-Roofing

3.2.10 Proposed 2007/2008 Budget - £650,000

It is recognised that major investment in roofs is required, with many roofs being beyond their life expectancy of 60 years. It is recommended that this 2007/2008 budget, which incorporates contracts carried forward from 2006/2007, together with additional priority addresses be approved. This will ensure that adequate budget is available to accept contracts and enable planning and programming to commence much earlier with a view to having more projects on site by summer 2007. This will allow advantage to be taken of the better weather likely during the summer thereby minimising underspend at financial year end. It is recommended that this programme be prioritised by the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Bathroom Upgrades

3.2.11 Proposed 2007/2008 Budget - £1,350,000

It is recommended that the 2007/2008 budget, which incorporates a contract carried forward from 2006/2007 be approved to allow planning and programming to commence at an early stage, enabling site commencement in spring/summer 2007, thus maximising budgetary expenditure. It is recommended that identification of addresses for this budget be delegated to the Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

Minor Capital Projects

3.2.12 Proposed 2007/2008 Budget - £300,000

On a number of occasions it is not economic to continue to repair elements of a property rather that they should be renewed to a higher specification. Where this is the case the revenue repair budget should not fund the work. This budget is to allow an element of a building or other structures (e.g. retaining walls, fire alarm systems) that have reached the end of their economic life to be upgraded. Examples of projects that have been funded from this budget in the past are waterproofing works, ground stabilisation works and multi storey flat emergency lighting projects. It is recommended that the 2007/2008 budget be approved at the same level as originally approved for 2006/2007.

Void House Strategy

3.2.13 Proposed 2007/2008 Budget - £2,000,000

This budget makes resources available for projects to improve the quality of life for tenants in buildings that are difficult to live in, that are unpopular, and/or to tackle anti-social problems, crime and the fear of crime as instructed by the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services). It is recommended that this budget be approved to meet the increasing demand for investment needed to reduce the level of voids.

Feasibility Studies, Surveys, etc.

3.2.14 Proposed 2007/2008 Budget - £220,000

The Standard Delivery Plan Guidance recommends that all housing providers should aim for a 100% stock condition survey. Whilst our current stock condition survey of 15% of West Dunbartonshire Council houses has been of immense value in planning and prioritising many HRA capital budgets, additional surveys will increase the accuracy of this database. It is recommended that this budget be approved to increase the sample size of the stock condition survey by a further 15% - 20%. In addition it will be necessary to carry out a supply/demand study to inform the Council's local Housing Strategy. Approval is sought at this stage to allow the early appointment of consultants expert in this field.

Central Heating - Partial and Obsolete System Upgrades

3.2.15 Proposed 2007/2008 Budget - £950,000

This budget funds both one-off renewals and the planned programme of obsolete boiler renewal. It is recommended that the 2007/2008 budget be maintained at the same level as that agreed for 2006/2007 to enable planning and programming to continue for the planned renewal programme and to ensure resources are available to deal with one-off replacements on an ongoing basis.

This budget also installs central heating where a property has no central heating or only partial central heating - the latter defined as a system that does not have heating in every room apart from the kitchen.

Overclad Projects

3.2.16 Proposed 2007/2008 Budget - £250,000

Formerly the metal roof and render budget, this funds work to non-traditional houses where external structural works are required to maintain the integrity of the building and tackle poor energy efficiency/fuel poverty. This budget includes a contract carried forward from 2006/2007, with additional addresses for consideration and programme expenditure being delegated to the Acting Director of Housing, Regeneration and Environmental Services (Housing and Regeneration Services) in consultation with the Housing Convener.

HECA/Fuel Poverty Activity

3.2.17 Proposed 2007/2008 Budget - £100,000

This budget combines two previous 2006/2007 budgets which dealt with very similar activities - Cavity/Loft Insulation and Other HECA/Fuel Poverty Initiatives. Budget is reduced for 2007/2008 reflecting the fact that mainstream HECA measures to Council houses are now substantially completed. The majority of this investment will be directed towards continuing the highly effective Energy Survey programme launched in 2006/2007.

Lead Pipe Replacement

3.2.18 Proposed 2007/2008 Budget - £40,000

It is recommended that the 2007/2008 budget be established at this stage, most of which will be used to complete the programme established in 2004/2005, and rolled out through 2005/2006 and 2006/2007.

Asbestos Contingency

3.2.19 Proposed 2007/2008 Budget - £200,000

It is recommended that the 2007/2008 budget be set at the same level as 2006/2007.

Lift Upgrades

3.2.20 Proposed 2007/2008 Budget - £400,000

It is recommended that the 2007/2008 budget be established to enable the ongoing upgrade of lifts in multi storey blocks to continue as planned and commenced in 2005/2006, and continued in 2006/2007.

Multi - Storey Comprehensive Area Renewal

3.2.21 Proposed 2007/2008 Budget - £1,500,000

This new budget is dedicated to addressing the various elements of the Scottish Housing Quality Standard within multi storey flats. The budget will eventually encompass such items as re-roofing, insulated overcladding, secure door entry systems, internal communal lighting upgrades etc. Initially, approval is sought to deal with those blocks with the most serious structural defects, before addressing dampness and security issues. Early approval is sought to prioritise the Dalmuir multi storey flats, due to the structural defects identified by the Stock Condition Survey.

Mortgage Lending

3.2.22 Proposed 2007/2008 Budget - £70,000

It is recommended that the 2007/2008 budget be set at the same level as 2006/2007.

Capitalised Salaries, Central Support, Consultants Fees, Information/Communication Technology (ICT) etc

3.2.23 Proposed 2007/2008 Budget - £1,872,000

The 2006/2007 budgets reflect the figures included in the HRA and General Services accounts. It is assumed at this stage that the budget in 2007/2008 will be the same as in 2006/2007.

Carry Forward of Committed Projects/Retentions etc

3.2.24 Proposed 2007/2008 Budget - £100,000

This budget provides resources for any carry forward of committed expenditure not included in budget headings above. This figure will be confirmed in a future report to Council to reflect actual carry forwards at financial year end.

4. Resources for Budget Purposes

Prudential Borrowing

4.1 Councils are able to borrow up to a level that is considered to be prudent for the authority. The sum of £10.902m is the borrowing requirement for the 2007/2008 financial year after allowing for the estimated slippage of £0.5m and deducting capital receipts of £5.6m as shown on appendix 1.

Slippage

4.2 In any capital programme there are likely to be delays outwith the control of the Council or its contractors. Savings can also be made on contracts. It is therefore good practice to budget for an overspend to ensure that if slippage/savings occur there are enough projects on site, or in a position to be brought on site, to minimise any underspend. For accounting purposes slippage is shown as a resource for budgeting and has been estimated at £0.5m for 2007/2008.

Right To Buy - Council House Sales

4.3 The estimated gross income from Council house sales in 2007/2008 is £5.3m, and the full amount of this capital receipt can be used to fund HRA capital expenditure.

Loan Repayments

4.4 Repayments from borrowers who have purchased their council house with a mortgage from the Council are expected to generate a capital receipt of around £100,000, and the full amount of this capital receipt can be used to fund HRA capital expenditure.

Other Sales - Land and Other HRA Property

- 4.5** The estimated gross income from HRA land and property sales is £200,000, and the full amount of this capital receipt can be used to fund HRA capital expenditure.

5. Personnel Issues

- 5.1** Staff input will be required to control and monitor expenditure on budget headings during 2007/2008.

6. Financial Implications

- 6.1** The budget headings as described generally in Section 3 are those considered appropriate to contribute towards Council objectives in meeting the Scottish Housing Quality Standard (SHQS) by 2015.
- 6.2** The 2007/2008 HRA Capital budget amounts to £17.002m which is £1m higher than the indicative 2007/2008 HRA Capital budget approved by the Council at its meeting on 22 February 2006.
- 6.3** However this additional £1m budget requirement will be funded from the underspend on the HRA Capital budget in the current year, where the original 2006/2007 indicative budget approved by the Council at its meeting on 22 February 2006 amounted to £18.002m and the expected year end spend reported to the Council at its meeting on 25 October 2006 amounted to £15.310m.

7. Risk Analysis

- 7.1** The Council is obliged to meet the SHQS by 2015 and continued expenditure in the HRA Capital Programme will continue to reduce the risk of failure to comply. A risk existing is the difficulty however in securing participation in cost apportionment by owner occupiers in multi tenure blocks where little or no grant may be available.

8. Conclusions

- 8.1** This report outlines proposals to upgrade housing stock via expenditure as described in Section 3 generally and describes the components requiring attention in line with the stock condition survey.

9. Recommendation

9.1 Members are requested to consider and approve the recommended capital budgets for 2007/2008 as indicated in this report.

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30 January 2007

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Appendix:	1. Resources for budgeting 2. Summary of HRA Capital Programme 2007/2008
Background Papers:	Report to Council 22 February 2006 - HRA Capital Programme 2006/2007
Wards Affected:	All