

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Housing, Environmental and Economic Development

Council: 27 February 2008

Subject: HRA Capital Programme 2008/2009, 2009/2010, 2010/2011

1. Purpose

- 1.1** This report seeks approval for the 2008/2009 HRA Capital Programme together with in principle approval for draft 2009/2010 and 2010/2011 proposals.

2. Background

- 2.1** The 2007/2008 HRA Capital programme has seen the completion of several projects previously deferred due to a lack of grant availability for owners in 2005/2006 and 2006/2007. Whilst grant levels for 2008/2009 have yet to be confirmed by Communities Scotland, it is anticipated that they will be set at a similar level to the Council's 2007/2008 allocation.
- 2.2** Given the situation as outlined in 2.1 above, it is intended that the Grants Section and the Capital Programme Unit will work together to maximise Private Sector Housing Grant (PSHG) availability for any remaining 'deferred' HRA Capital projects. Whilst previously deferred projects will be a priority, new projects involving owner-occupiers will also be proposed, although the number and scope of these projects will be dependant on the Council's final 2008/2009 grant allocation.
- 2.3** In order to have projects on site early in 2008/2009 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 2008/2009 HRA capital programme and in principle approval for the succeeding two years.
- 2.4** Section 3 of this report provides details on the projects included in the budget proposals.

3. HRA Capital Programme - Proposed 2008/2009 Budgets

- 3.1** A number of the 2007/2008 budgets will be committed but will not achieve full spend by 31 March 2008. There is no requirement to amend these budgets as any underspend against the budgets in 2007/2008 will be carried forward as committed expenditure against 2008/2009 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 2007/2008 can be taken up in 2008/2009, in addition to planned new borrowing, as long as it is prudent to do so.

3.2 The recommended 2008/2009 HRA capital programme is detailed below and is also summarised in Appendix 2 to this report.

3.2.1 Demolitions

Proposed 2008/2009 Budget £150,000

It is recommended that the 2008/2009 demolition budget be approved at this level to allow the continuation of the Council's ongoing demolition programme. This budget includes for the completion of existing demolition contracts commenced in 2007/2008 and any carried forward at financial year end.

3.2.2 Kitchen Upgrades

Proposed 2008/2009 Budget £3,800,000

It is recommended that the 2008/2009 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 the programme be prioritised on the basis of current condition of kitchen units as directed by the Director of Housing, Environmental and Economic Development in consultation with the Housing Convener with cognisance taken however of the decision taken by the Housing, Environment and Economic Development Committee on 7 November 2007 that the policy criteria also allows a small percentage of properties to qualify for replacement kitchens based on the date of tenancy of the property.

3.2.3 Environmental Projects (Fencing and Non-fencing)

Proposed 2008/2009 Budget - £1,000,000

It is recommended that the 2008/2009 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 Director of Housing, Environmental and Economic Development in consultation with the Housing Convener. Part of the 2008/2009 budget will carry forward projects and programmes either approved or commenced in 2007/2008.

3.2.4 CCTV

Proposed 2008/2009 Budget - £50,000

This is a contingency budget to undertake necessary upgrades to existing equipment where needed. It is therefore recommended that the 2008/2009 budget be slightly increased from the level set for 2007/2008.

3.2.5 Safety/Security Projects

Proposed 2008/2009 Budget - £70,000

It is recommended that the 2008/2009 budget for providing safety and security be set at the same level as 2007/2008 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.

3.2.6 Close Upgrades

Proposed 2008/2009 Budget - £300,000

The provision of secure door entry systems to common closes is a requirement of the Scottish Government'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 limited level of PSHG available to the Council, owners included in 2008/2009 Door Entry projects will not be eligible for grant assistance. Consequently the Council will not seek to enforce such works, but will consult with owners regarding participation in a door entry programme. It is recommended that identification of closes for this budget be delegated to the Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.7 Special Needs - Major Projects

Proposed 2008/2009 Budget - £325,000

This is a contingency budget to undertake major conversion project(s) where other budgets are inadequate to meet the cost and it is recommended that this budget be set at a similar level to 2007/2008. It is recommended that projects funded via this budget be identified via delegation to the Director of Housing, Environmental and Economic Development in consultation with the Housing Convener and Social Work Services.

3.2.8 Communal/Digital TV Systems

Proposed 2008/2009 Budget - £280,000

It is recommended that this 2008/2009 budget, which incorporates an expected carry forward of commitments from 2007/2008, 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. As such, it is anticipated that 2008/2009 will be the final year of the Digital Upgrade programme.

3.2.9 Building Improvement Programme

Proposed 2008/2009 Budget - £600,000

This budget will include for existing 2007/2008 contracts carried forward into 2008/2009. It is recommended that this budget also incorporates the final remaining deferred Building Improvement projects, together with additional priority addresses. Should a lack of PSHG make projects untenable, they will be deferred and replaced with tenant only '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 2008. This will enable 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 Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.10 Re-Roofing

Proposed 2008/2009 Budget - £650,000

It is recognised that major investment in roofs is required, with many roofs being beyond their life expectancy of 60 years, or being obsolete and impossible to effectively maintain. It is recommended that this 2008/2009 budget, which incorporates contracts carried forward from 2007/2008, 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 2008. This will enable 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 Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.11 Bathroom Upgrades

Proposed 2008/2009 Budget - £1,250,000

It is recommended that the 2008/2009 budget, which includes carry forward from 2007/2008 be approved to allow planning and programming to commence at an early stage, enabling the Council's Housing Repairs and Maintenance Section continuity of work programming and installation thus maximising budgetary expenditure. It is recommended that identification of addresses for this budget be delegated to the Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.12 Minor Capital Projects

Proposed 2008/2009 Budget - £525,000

On a number of occasions it is not economic to continue to repair elements of a property when their renewal to a higher specification is more economical over the longer term. 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 2008/2009 budget be approved at a higher level than that originally approved for 2007/2008, as provision is required also for 'one-off' uPVC component renewals, and the replacement of lead water supply pipes where discovered.

3.2.13 Void House Strategy

Proposed 2008/2009 Budget - £1,000,000

This budget makes resources available for projects to improve the quality of life for tenants in buildings that are difficult to live in and are unpopular, and/or to tackle anti-social problems, crime and the fear of crime as instructed by the Director of Housing, Environmental and Economic Development. It is recommended that this budget be approved to meet the investment requirements necessary to assist in reducing the level of voids.

3.2.14 Feasibility Studies, Surveys, etc.

Proposed 2008/2009 Budget - £160,000

The Communities Scotland publication "The Scottish Housing Quality Standard: delivery plan guidance" recommends that housing providers should develop and maintain a 100% stock database as this is best practice for effective planning and monitoring of delivery.

Preparation of the Council's Standard Delivery Plan is progressing and is based on the existing 15% sample survey updated to include investment in the stock since the survey was carried out in 2005. If approved, the proposed budget for 2008/2009 will meet costs related to the Standard Delivery Plan including further sample surveys and development of the stock database.

3.2.15 Central Heating - Partial and Obsolete System Upgrades

Proposed 2008/2009 Budget - £1,000,000

This budget funds both one-off renewals and the planned programme of obsolete boiler renewals. It is recommended that the 2008/2009 budget be increased slightly on that agreed for 2007/2008 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.

3.2.16 Overclad Projects

Proposed 2008/2009 Budget - £400,000

This budget 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 2007/2008, with additional addresses for consideration and programme expenditure being delegated to the Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.17 Metal Roof & Render Projects

Proposed 2008/2009 Budget - £400,000

This budget funds work to the non-traditional houses with metal roofs where both roof renewal and external structural works are required to maintain the integrity of the building and tackle poor energy efficiency/fuel poverty. This budget will complete the Drumry Metal Roof and Render project, part of which was first deferred in 2005/2006.

3.2.18 HECA/Fuel Poverty Activity

Proposed 2008/2009 Budget - £100,000

It is recommended that this budget be maintained at £100,000 reflecting the fact that the majority of HECA measures and Energy Advice to Council houses and tenants in 2006/2007 and 2007/2008 have been funded by Warm Deal grant. The majority of this investment will be directed towards continuing the highly effective Energy Survey programme launched in 2006/2007.

3.2.19 Statutory Compliance Works

Proposed 2008/2009 Budget - £500,000

This contingency budget replaces the previous 'Asbestos Contingency' budget head, and has been increased to reflect the Council's growing statutory obligations in areas such as asbestos, legionella and other health and safety issues.

3.2.20 Lift Upgrades

Proposed 2008/2009 Budget - £500,000

It is recommended that the 2008/2009 budget be established to enable the ongoing upgrade of lifts in multi - storey blocks to continue as planned and commenced in 2005/2006.

3.2.21 Multi - Storey Comprehensive Area Renewal

Proposed 2008/2009 Budget - £1,500,000

This budget was introduced in 2007/2008, and 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 and internal communal lighting upgrades. The budget will primarily progress the works presently in the early stages at Dalmuir Court.

3.2.22 Mortgage Lending

Proposed 2008/2009 Budget - £70,000

It is recommended that the 2008/2009 budget be set at the same level as 2007/2008.

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

Proposed 2008/2009 Budget - £1,872,000

The 2008/2009 budgets reflect the figures included in the HRA and General Services accounts. It is assumed at this stage that the budget in 2008/2009 will be the same as in 2007/2008.

3.2.24 Contingency Allowance

Proposed 2008/2009 Budget - £400,000

This budget provides resources on a contingency basis to address unforeseen emergency works arising where other budgets may be insufficient to meet the cost of specialist and intrusive surveys.

Examples of survey work may include water penetration/ingress measures or engineering type works/specialist exploratory services where structural work may be required.

4. Resources for Budget Purposes

4.1 Prudential Borrowing

Councils are able to borrow up to a level that is considered to be prudent for the authority. The sum of £10.687m is the borrowing requirement for the 2008/2009 financial year after allowing for the estimated slippage of £1.0m and deducting capital receipts of £5.215m as shown on appendix 1.

4.2 Slippage

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 £1.0m for 2008/2009.

4.3 Right To Buy - Council House Sales

The estimated gross income from Council house sales in 2008/2009 is £4.725m, and the full amount of this capital receipt can be used to fund HRA capital expenditure.

4.4 Loan Repayments

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.

4.5 Other Sales - Land and Other HRA Property

The estimated gross income from HRA land and property sales is £390,000, and the full amount of this capital receipt can be used to fund HRA capital expenditure.

5. HRA Capital Programme – Draft 2009/2010 and 2010/2011 Proposals

- 5.1** To allow a measure of longer term pre-planning, a draft 3 year capital programme has been prepared covering the 2 additional years 2009/10 and 2010/2011 and this is summarised on Appendix 3 to this report.

6. Personnel Issues

- 6.1** Staff input will be required to control and monitor expenditure on budget headings during 2008/2009.

7. Financial Implications

- 7.1** The budget headings as described generally in Section 3 are those considered appropriate to contribute towards Council obligations in meeting the Scottish Housing Quality Standard (SHQS) by 2015.

8. Risk Analysis

- 8.1** 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 assistance may be available.

- 8.2** There is also a risk that this programme will require revision due to the findings of the Housing Asset Management Plan and the options for meeting the Scottish Housing Quality Standard, which will be assessed through the Council's Standard Delivery Plan in 2008.

9. Conclusions

- 9.1** 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.

10. Recommendations

- 10.1** **Members are requested to consider and approve the recommended capital budgets for 2008/2009 as indicated in this report.**

- 10.2** **Members are also requested to consider and agree in principle approval for the draft capital budgets for 2009/2010 and 2010/2011 as indicated in this report.**

Elaine Melrose
Executive Director of Housing, Environmental and Economic Development
Date: 20 February 2008

Persons to Contact: John J McKerracher - Head of Property and Technical Services, Garshake Road, Dumbarton, telephone 01389 737270, e-mail: john.mckerracher@west-dunbarton.gov.uk

Jim Pow - Manager of Finance, Garshake Road, Dumbarton, telephone 01389 737535, e-mail: jim.pow@west-dunbarton.gov.uk

Paul Mitchell - Capital Programme Officer, Elm Road, Dumbarton, telephone 01389 608310, e-mail: paul.mitchell@west-dunbarton.gov.uk

Appendices:

1. Resources for budgeting
2. Summary of HRA Capital Programme 2008/2009
3. Draft 2009/2010 and 2010/2011 HRA Capital Programme

Background Papers: None

Wards Affected: All

Appendix 1

HRA Capital Programme 2008/2009

Resource Budget

		BUDGET	
	£'000		£'000
Borrowing			10,687
Anticipated Slippage			1000
RTB Sales - Estimated Capital Receipts	4,725		
Loan Repayments	100		
Other Sales - Estimated Receipts	390		
Total Estimated Capital Receipts 2008/2009			5,215
Total Resources for Budgeting			16,902

Appendix 2

**HRA Capital Programme 2007/2008 and Proposed 2008/2009 Programme
Report to Council February 2008**

	Original Approved 2007/2008 Budget	Estimated 2007/ 2008 Outturn	Recommended 2008/2009 Budget
Tenement Demolition	£150,000	£30,000	£150,000
Kitchen Upgrades	£4,000,000	£4,200,000	£3,800,000
Environmental Improvements (Fencing and Non Fencing)	£1,250,000	£1,000,000	£1,000,000
CCTV Projects	£25,000	£25,000	£50,000
Safety/Security Projects	£70,000	£70,000	£70,000
Close Upgrades	£300,000	£400,000	£300,000
Special Needs - Major Projects	£325,000	£325,000	£325,000
Communal/Digital TV Systems	£280,000	£100,000	£280,000
Building Improvement Programme	£600,000	£600,000	£600,000
Re-roofing	£650,000	£650,000	£650,000
Bathroom Upgrades	£1,350,000	£1,000,000	£1,250,000
UPVC Front and Back Doors	-	£116,000	-
Minor Capital Projects	£300,000	£800,000	£525,000
Void House Strategy	£2,000,000	£600,000	£1,000,000
Feasibility Studies, Surveys etc	£220,000	£220,000	£160,000
Central Heating	£950,000	£1,150,000	£1,000,000
Overclad Projects	£250,000	£250,000	£400,000
Metal Roof & Render Projects	-	-	£400,000
HECA/Fuel Poverty Activity	£100,000	£100,000	£100,000
Statutory Compliance Works	-	-	£500,000
Lift Upgrades	£400,000	£500,000	£500,000
Multi - Storey CAR	£1,500,000	£700,000	£1,500,000

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	Original Approved 2007/2008 Budget	Estimated 2007/ 2008 Outturn	Recommended 2008/2009 Budget
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Lead Pipe Upgrades	£40,000	£40,000	-
Asbestos Contingency	£200,000	£200,000	-
Carry forward of committed projects	£100,000	£10,000	-
Mortgage Lending	£70,000	£70,000	£70,000
House Sales Costs, Capitalised Salaries and Central Support, Consultation Fees and ICT	£1,872,000	£1,872,000	£1,872,000
Contingency Allowance			£400,000
Total Budget	£17,002,000	£15,028,000	£16,902,000

Draft 2009/2010 and 2010/2011 HRA Capital Programme

	2009/2010	2010/2011
	£000	£000
Tenement Demolition	100	100
Kitchen Upgrades	3,800	2,500
Environmental Improvements	800	700
CCTV Projects	50	50
Safety/Security Projects	70	70
Close Upgrades	300	300
Special Needs – Major Projects	325	325
Building Improvements/Painterwork	600	600
Re-roofing	650	650
Bathroom Upgrades	1,500	2,000
Minor Capital Projects	525	525
Void House Strategy	1,000	1,000
Feasibility Studies, Survey etc.	100	100
Central Heating	1,000	1,000
Overclad Projects	400	400
HECA/Fuel Poverty Initiatives	100	100
Statutory Compliance Works	500	500
Lift Upgrades	500	500
Multi Storey Comprehensive Area Renewal	3,000	3,000
Mortgage Lending	70	70
House Sales Costs, Capitalised Salaries	1,872	1,872
Contingency Allowances	400	400
TOTALS	17,662	16,762