

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Housing, Environmental and Economic Development

Council: 25 February 2009

Subject: HRA Capital Programme 2009/2010

1. Purpose

- 1.1** This report seeks approval for the 2009/2010 HRA Capital Programme which is primarily aimed at meeting obligations towards the Scottish Housing Quality Standard by 2015 for proposed retained stock.

2. Background

- 2.1** The 2008/2009 HRA Capital programme saw several lower priority projects deferred due to a low Private Sector Housing Grant (PSHG) allocation and a growing list of roofs in need of urgent renewal where owner/occupiers were involved.
- 2.2** Given this, the 2009/2010 HRA Capital Programme proposes to allocate any available PSHG to the re-roofing and Multi Storey Comprehensive Area Renewal budget heads.
- 2.3** In order to have projects on site early in 2009/2010 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 2009/2010 HRA capital programme.
- 2.4** Section 3 of this report provides details on the projects included in the budget proposals.

3. HRA Capital Programme - Proposed 2009/2010 Budgets

- 3.1** A number of the 2008/2009 budgets will be committed but may not achieve full spend by 31 March 2009. There is no requirement to amend these budgets as any underspend against the budgets in 2008/2009 will be carried forward as committed expenditure against 2009/2010 budgets. With the introduction of the prudential borrowing regime there is no longer an issue of "forfeiting" borrowing consent as a result of under spending budgets. Instead, any borrowing that was planned but has not been taken up in 2008/2009 can be taken up in 2009/2010, in addition to planned new borrowing, as long as it is prudent to do so.

3.2 The recommended 2009/2010 HRA capital programme is detailed below and is also summarised in Appendix 2 to this report. Members are asked to note that the principal driver for this capital programme is to contribute towards obligations during 2009/2010 in meeting the Scottish Housing Quality Standard for proposed retained stock by 2015. Cognisance will however require to be taken of landlord responsibilities and safety issues as may arise for proposed non retained stock.

3.2.1 Demolitions

Proposed Budget £150,000

It is recommended that the 2009/2010 demolition budget be approved at this level to allow demolitions to take place as required. This budget includes for the completion of existing demolition contracts commenced in 2008/2009 and any carried forward at financial year end.

3.2.2 Kitchen Upgrades

Proposed Budget £2,500,000

It is recommended that the 2009/2010 kitchen upgrade budget be approved at this level to allow continued forward programming and ensure completion of the kitchen supply and installation programme. It is proposed that the programme continues to be prioritised on the basis of current condition of kitchen units as directed by the Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.3 Environmental Projects (Fencing and Non-fencing)

Proposed Budget - £600,000

It is recommended that the 2009/2010 budget be established to enable continued planning and programming of fencing and non fencing work. This budget is less than last year due to the reduced requirement for fencing. It is proposed that the priorities for fencing and environmental improvements be delegated to the Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.4 CCTV

Proposed Budget - £20,000

This is a contingency budget to undertake necessary upgrades to existing equipment where needed.

3.2.5 Safety/Security Projects

Proposed Budget - £70,000

It is recommended that the 2009/2010 budget for providing safety and security be set at the same level as 2008/2009 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 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 refurbishment or renewal and close painting. Given the limited level of PSHG available to the Council, owners included in 2009/2010 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 Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.7 Special Needs - Major Projects

Proposed Budget - £300,000

This is a contingency budget to undertake major conversion project(s) where other budgets are inadequate to meet the cost. It is recommended that projects funded by this budget be identified via delegation to the Executive 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 Budget - £50,000

It is recommended that this 2009/2010 budget, which incorporates an expected carry forward of commitments from 2008/2009, be approved in order to complete the programme and address any contingencies arising.

3.2.9 Re-Roofing

Proposed 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. With the majority of 'obsolete' roofs now renewed, it is recommended that this 2009/2010 budget utilises the majority of PSHG in order to clear a backlog of slated roofs which have been identified as being beyond repair. It is recommended that this programme be prioritised by the Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.10 Bathroom Upgrades

Proposed Budget - £1,250,000

It is recommended that the 2009/2010 budget be approved to allow planning and programming to commence at an early stage, enabling the Council's in house 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 Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.11 uPVC Front and Back Doors

Proposed Budget - £250,000

This budget has been re-introduced in the 2009/2010 HRA Capital Programme due to the requirement for such works arising during 2008/2009.

3.2.12 Minor Capital Projects

Proposed Budget - £350,000

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.

3.2.13 Void House Strategy

Proposed Budget - £1,350,000

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 Executive 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 Budget - £200,000

The Standard Delivery Plan guidance recommends that all housing providers should aim for a 100% Stock Condition Survey and it is recommended that the budget be approved to increase the sample size further to the exercises undertaken during 2007/2008 and 2008/2009.

3.2.15 Central Heating - Partial and Obsolete System Upgrades

Proposed Budget - £3,000,000

This budget funds both one-off renewals and the planned programme of obsolete boiler renewals. It is recommended that the 2009/2010 budget be set at this level to enable planning and programming to continue for the planned renewal programme and to ensure resources are available to deal with the marked increase in one-off replacements. 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 Pappert Phase 3

Proposed Budget - £450,000

This budget funds external insulation and re-render work to those houses where external structural works are required to maintain the integrity of the building and tackle poor energy efficiency/fuel poverty. The addresses for consideration and programme expenditure will be delegated to the Executive Director of Housing, Environmental and Economic Development in consultation with the Housing Convener.

3.2.17 HECA/Fuel Poverty Activity

Proposed 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 being 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 and progressed during the last two years.

3.2.18 Statutory Compliance Works

Proposed Budget - £300,000

This contingency budget continues as from last year to address the Council's growing statutory obligations in areas such as asbestos, legionella and other health and safety issues.

3.2.19 Structural Works

Proposed Budget - £1,000,000

Whilst not contributing directly to the Council's proposed Standard Delivery Plan given the proposed transfer status of these properties, this budget has been established to commence a programme of addressing the structural faults in a number of tenement properties in Drumry given landlord responsibility with regard to safety issues.

3.2.20 Willox Park Phase 3

Proposed Budget - £390,000

This budget has been established to continue this highly successful external insulation and re-render refurbishment programme.

3.2.21 Building Improvement Programme - Dalmuir

Proposed Budget - £75,000

This budget has been established to carry out upgrading and enhancement of external facades of properties re-roofed in the 2008/2009 HRA Capital Programme.

3.2.22 Lift Upgrades

Proposed Budget - £500,000

It is recommended that the 2009/2010 budget be established to enable the ongoing upgrade of lifts in multi-storey blocks to continue as planned and commenced in 2005/2006.

3.2.23 Multi - Storey Comprehensive Area Renewal

Proposed 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 include a small carry forward for works at Dalmuir Court, and the upgrade of a multi-storey block of flats at Westbridgend.

3.2.24 Mortgage Lending

Proposed Budget - £70,000

It is recommended that the 2009/2010 budget be set at the same level as 2008/2009.

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

Proposed Budget - £2,172,000

The 2009/2010 budgets reflect the figures included in the HRA and General Services accounts.

3.2.26 Contingency Allowance

Proposed Budget - £300,000

This budget provides resources on a contingency basis to address unforeseen emergency works arising where other budgets may be insufficient to meet the cost. Examples of this work may include water penetration/ingress measures or specialist engineering works/exploratory services where structural work may be necessary.

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 £14,060m is the borrowing requirement for the 2009/2010 financial year after allowing for the estimated slippage of £1.0m and deducting capital receipts of £2.837m as shown on appendix 1. The 2009/2010 borrowing requirement has increased by £3.373m from the current year's borrowing requirement, because of an increase of £0.995m in the capital programme, coupled with a reduction of £2.378m in capital receipts. The increase in the borrowing requirement will cause future years rent levels to increase because of increased loan charges.

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 2009/2010.

4.3 Right to Buy - Council House Sales

The estimated gross income from Council house sales in 2009/2010 is £2.1m, 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 £637,000, 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 2009/2010.

6. Financial Implications

6.1 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) for proposed retained stock by 2015.

7. Risk Analysis

7.1 The Council is obliged to meet the SHQS by 2015 and continued targetted 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. 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, the principal driver for the capital programme being to meet the Scottish Housing Quality Standard for proposed retained stock by 2015. Given however Scottish Government approval is still awaited on the Council's submitted Standard Delivery Plan, budget figures included in Section 3 above may be subject to refinement.
- 8.2** For Members information meantime, the shaded areas shown in Appendix 2 indicate the principle headings contributing to the SHQS criteria, however proposed budget amounts against each may require to account also for landlord responsibilities and safety issues as noted in 3.2 above.

9. Recommendations

- 9.1** **Members are requested to consider and approve the recommended capital budgets for 2009/2010 as indicated in this report.**

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Executive Director of Housing, Environmental and Economic Development

Date: 2 February 2009

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Appendices:

1. Resources for budgeting
2. Summary of HRA Capital Programme 2009/2010

Background Papers:

Wards Affected: All

Appendix 2

**HRA Capital Programme 2008/2009 and Proposed 2009/2010 Programme
Report to Council**

| | Original Approved 2008/2009 Budget | Estimated 2008/ 2009 Outturn | Recommended 2009/2010 Budget |
|---|---|---|---|
| Tenement Demolition | £150,000 | £50,000 | £150,000 |
| Kitchen Upgrades | £3,800,000 | £3,290,000 | £2,500,000 |
| Environmental Improvements (Fencing and Non Fencing) | £1,000,000 | £800,000 | £600,000 |
| CCTV Projects | £50,000 | £50,000 | £20,000 |
| Safety/Security Projects | £70,000 | £70,000 | £70,000 |
| Close Upgrades | £300,000 | £300,000 | £300,000 |
| Special Needs - Major Projects | £325,000 | £325,000 | £300,000 |
| Communal/Digital TV Systems | £280,000 | £280,000 | £50,000 |
| Building Improvement Programme | £600,000 | £420,000 | - |
| Re-roofing | £650,000 | £700,000 | £650,000 |
| Bathroom Upgrades | £1,250,000 | £1,200,000 | £1,250,000 |
| UPVC Front and Back Doors | - | £350,000 | £250,000 |
| Minor Capital Projects | £525,000 | £350,000 | £350,000 |
| Void House Strategy | £1,000,000 | £1,400,000 | £1,350,000 |
| Feasibility Studies, Surveys etc | £160,000 | - | £200,000 |
| Central Heating | £1,000,000 | £2,500,000 | £3,000,000 |
| Overclad Projects | £400,000 | £100,000 | - |
| Pappert Phase 3 | - | - | £450,000 |
| Metal Roof & Render Projects | £400,000 | - | - |
| HECA/Fuel Poverty Activity | £100,000 | £100,000 | £100,000 |
| Statutory Compliance Works | £500,000 | £270,000 | £300,000 |
| Structural Works | - | - | £1,000,000 |
| Willox Park Phase 3 | - | - | £390,000 |

Cont.../

| | Original Approved | Estimated 2008/ 2009 | Recommended |
|--|--------------------------|---------------------------------|--------------------|
|--|--------------------------|---------------------------------|--------------------|

| | 2008/2009 Budget | 2009 Outturn | 2009/2010 Budget |
|--|-------------------------|---------------------|-------------------------|
| Building Improvement Programme - Dalmuir | - | - | £75,000 |
| Lift Upgrades | £500,000 | £750,000 | £500,000 |
| Multi – Storey CAR | £1,500,000 | £1,500,000 | £1,500,000 |
| Mortgage Lending | £70,000 | £70,000 | £70,000 |
| House Sales Costs, Capitalised Salaries and Central Support, Consultation Fees and ICT | £1,872,000 | £1,777,000 | £2,172,000 |
| Contingency Allowance | £400,000 | £250,000 | £300,000 |
| Total Budget | £16,902,000 | £16,902,000 | £17,897,000 |