

Agenda Item	8
Report No	FHR/93/13

## Housing and Property Service Capital Budgets: Final Outturn 2012/13 and monitoring to 30 June 2013

### Report by the Depute Chief Executive/Director of Housing and Property

#### Summary

This report presents the final outturn position for 2012/13 and gives an update on the position regarding expenditure to 30 June 2013 for the HRA Capital, Non HRA Housing Capital and Property Capital Programmes. The report recommends the HRA Capital Programme budget for 2013/14.

#### 1. HRA Capital Programme

- 1.1 The HRA capital programme reflects the Council's commitment to meet the Scottish Housing Quality Standard, to ensure that properties are adapted to meet the changing needs of tenants, and the Council house building programme.

#### 2. Final out-turn for 2012-13

- 2.1 The Finance Service Capital Programme Summary is attached at **Appendix 1**. It shows expenditure to 31 March 2013 was £32.901m of which £20.834m relates to mainstream HRA capital programme expenditure and £12.067m to Council house building.
- 2.2 The final outturn was £5.395m over-budget, of which £4.128m relates to the mainstream programme and £1.267m relates to new build. The overspend on the programme can be explained by:
- Acceleration of SHQS works for heating projects including expenditure on gas mains extension
  - Work to address additional SHQS failures identified at survey/inspection for bathroom and kitchen replacement
  - The purchase of additional properties approved by Committee to meet housing needs
  - Acceleration of the Council house building programme.
- 2.3 The overall HRA capital programme for 2012/13 was partly funded from HRA capital receipts of £3.131m and capital from current revenue of £5.053m, as well as grant income and landbank funding of £2.999m. The remainder of funding was through new borrowing of £21.717m, of which £12.469m related to the mainstream programme and £9.248 related to council house building. Altogether borrowing was £1.146m above the budgeted level.

#### 3. HRA Capital Programme 2013-14

- 3.1 The mainstream HRA Capital Programme 2013/15 was approved by Committee on 3 October 2012. This involved a budget of £35.102m over the 2 years. Taking account of the overspend in 2012/13 the remaining 2 year budget to fund SHQS work,

adaptations and other improvements to existing housing is £30.974m. It is recommended that the mainstream HRA capital budget for 2013/14 should be £17.558m.

- 3.1 The Council house building programme was approved by Committee on 30 January 2013 and further amended at Council on 7 March to give an overall target of 688 new Council houses by 2017. The total programme cost is estimated to be £92m. In order to continue to progress the programme it is recommended that the Council house building element of the HRA Capital programme for 2013/4 should be £23.442m.
- 3.2 The 2013/14 Capital Programme Summary produced by the Finance Service on the basis of the recommended budget levels for 2013/14 is attached at **Appendix 2**. This shows a total budget of **£41m**, comprising **£17.558m** for the mainstream programme and **£23.442m** for Council house building. It shows the overall level of spend to 30 June 2013 at £5.315m of which £1.979m relates to the mainstream programme and £3.336m relates to new build.
- 3.3 Members can access further detail from the Ward Reporting page on the Members' Intranet. By clicking on Capital Programme Services and then Housing and Property Services, Members can get further details of individual projects. Housing and Property Managers will also be able to discuss specific projects on a ward basis with Members.
- 3.4 It was noted in previous reports that there are a number of risks associated with delivery of the Scottish Housing Quality Standard, particularly in relation to the cost of biomass and other renewable heating technologies. At present costs associated with these works appear to be higher than previously estimated. A review of the detailed programme is currently taking place, looking at current costs and options and this will be reported to Committee in October, along with details of the Standard Delivery Plan for the Scottish Housing Quality Standard.

#### 4 **Non HRA Capital Programme and Private Sector Housing Grant Programme**

- 4.1 The near final outturn figures for 2012/13 are recorded in **Appendix 3** as £0.038m over-budget. The overspend on the programme can be explained by acceleration of the individual projects within the Care and Repair and Handyperson programmes.
- 4.2 The levels of funding for 2013/14 as included in **Appendix 4** have been agreed previously.
- 4.3 The Non PSHG element of the programme is split between 3 headings:-
  - Gypsy Traveller Site Improvements; funding improvements to Council owned sites in Inverness and Lochaber.
  - National Housing Trust; prudential borrowing advanced to developers.
  - Grant contribution to shovel-ready new builds; funding 19 new Council houses in Alness and Inverness.

#### 4.4 **Position at 30 June 2013**

- 4.4.1 **Appendix 4** shows the Monitoring Statement for the non HRA Capital and Private Sector Housing Grant budget to 30 June 2013.

#### 4.5 **Comments on the Programmes**

- 4.5.1 **PSHG element.** The levels of demand coupled with the levels of commitment from

previous years indicate that the target spend for the current year will be achieved.

4.5.2 **Non PSHG element.** Current activity indicates that the targets will be achieved in the current year.

## 5. Property Capital Programme

5.1 The Property capital programme supports the Council's commitment to improve the rationalisation, performance and compliance of its Property Assets

### 5.1.1 Final out-turn for 2012-13

5.1.2 The Finance Service Capital Programme Summary is attached at **Appendix 5**. It shows expenditure to 31 March 2013 was £11.287m.

5.1.3 The final outturn was £133k (1%) under-budget. The underspend on the programme resulted due to a delay with securing a lease on the decant property for the Wick Office Rationalisation project.

### 5.2 Property Capital Programme 2013-14

5.2.1 The Property Capital budget for 2013/14, taking account of adjustments and virements to joint funded projects previously approved by Committee, is £14.802m. This budget has been allocated to the following headings:

▪ Health & Safety/Statutory Compliance Projects (SAM)	£4.150m
▪ Disability Discrimination Act (DDA) Projects	£0.910m
▪ Wick Office Rationalisation Project	£4.900m
▪ Energy Management Projects	£3.796m
▪ Starter Business Units Inverness	£0.700m
▪ Dingwall Office Rationalisation	£0.250m
▪ Inverness Office Rationalisation	£0.096m

5.2.2 The Property Capital monitoring statement is attached as **Appendix 6**. It provides details of budget heading apportionment and project payments to 30 June 2013.

### 5.3 Summary of Expenditure to Date

5.3.1 The capital monitoring statement identifies spend to 30 June 2013 of £1.808m (12% of the allocated budget of £14.802m).

5.3.2 It is currently anticipated that the Property Capital budget will be fully spent by year end.

### 5.4 Budget Heading Performance

#### 5.4.1 Health and Safety/Statutory Compliance Projects

3.4.2 Good progress has been made with projects being carried out at school premises during the summer holiday period which will ensure that full spend will be achieved by year end.

#### 5.5 Disability Discrimination Act (DDA) Projects

5.5.1 Current progress with DDA projects indicates that full spend of the £0.910m budget will

be achieved by year end.

## **5.6 Wick Office Rationalisation Project**

5.6.1 The Principal Contractor for the project continues to make good site progress. The project is within budget and is currently on programme to be completed by the end of October 2014.

## **5.7 Inverness and Dingwall Office Accommodation Rationalisation Projects**

5.7.1 A feasibility study has been undertaken as part of the overarching Inverness and Dingwall Office Review to evaluate the suitability of office accommodation in the Dingwall area and also to engage with other public sector partners. This study is giving us the opportunity to explore the extent to which collocation opportunities exist and specifically understand further what impact proposed shared service initiatives may have on the overall need for office space. The feasibility study report will be presented, for consideration, to the Corporate Improvement Programme Board during September 2013.

## **5.8 Energy Management Projects**

5.8.1 The replacement of the electric heating systems at Auchtertyre, Ardersier, Carrbridge, and Kirkhill Primary Schools are progressing well with all internal heating systems now fully installed. New biomass boilers will be delivered and commissioned at each site during the October holiday break.

5.8.2 North Kessock Primary School is programmed to have a new heating system installed this year which will also be powered by a biomass boiler.

5.8.3 A new biomass plant will be installed at the Avero Centre, Alness, which will allow the removal of the existing inefficient and unreliable oil boilers.

5.8.4 Biomass heating plant is being provided to Kilchoan Primary School as a joint venture with Ardnamurchan Estates, who will provide the heating connection to the school.

5.8.5 A new gas fired Combined Heat and Power (CHP) plant for Nairn Academy is at Tender stage. When operational this will provide electricity and heat to the school whilst saving on the primary fuel use. Further sites are being considered for installing this technology.

5.8.6 A Solar PV system has been installed at Eigg Primary School and works are now underway at Carbost and Kyleakin Primary Schools to provide locally generated power to each building.

5.8.7 Lighting upgrades are being progressed across a wide range of buildings identified from Energy Performance surveys. These works will improve the lighting control and performance as well as reducing the energy cost of the sites.

## **5.9 Starter Business Units - Inverness**

5.9.1 Tenders have been returned for this project which consists of 8 units at Harbour Road Inverness and 4 units at Carse Industrial Estate and it is anticipated that the construction contract will be let in September.

## 6. Recommendations

Committee is asked to:

- 6.1 Note the final outturn position for 2012-13 for the HRA Capital, Non HRA Housing Capital and Property Capital Programmes.
- 6.2 Note the position regarding expenditure to 30 June 2013 for the HRA Capital, Non HRA Housing Capital and Property Capital Programmes.
- 6.3 Approve an HRA Capital Programme budget of **£41m for 2013/14**, comprising **£17.558m** for the mainstream programme and **£23.442m** for Council house building.
- 6.4 Note that the annual Standard Delivery Plan for the Scottish Housing Quality Standard, containing more detailed information on detailed project costs, will be presented to Committee in October 2013.

Designation: Depute Chief Executive/Director of Housing and Property

Date 19 August 2013

Authors: Finlay MacDonald – Property Manager  
Brian Cameron – Housing Policy Officer  
John McHardy – Housing Development Manager

## HOUSING HRA PROGRAMME

## MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 31 March 2013

	Budgeted Expend £'000	Actual Expend £'000	Variance £'000
<b>Free From Serious Disrepair</b>			
Roofs	86	220	134
Windows and Doors	689	347	(342)
Common External Fabric Repairs	550	741	191
<b>Total for Free From Serious Disrepair</b>	<b>1,325</b>	<b>1,309</b>	<b>(16)</b>
<b>Energy Efficiency</b>			
Cavity and Loft Insulation	166	231	65
Heating	7,575	9,640	2,065
Additional Energy Efficiency measures	2,291	2,410	119
<b>Total for Energy Efficiency</b>	<b>10,032</b>	<b>12,282</b>	<b>2,250</b>
<b>Modern Facilities and Services</b>			
Bathrooms	1,746	1,874	128
Kitchens	1,970	2,899	928
<b>Total for Modern Facilities and Services</b>	<b>3,717</b>	<b>4,773</b>	<b>1,056</b>
<b>Healthy, Safe &amp; Secure</b>			
Re-wiring	13	59	46
<b>Total for Healthy, Safe &amp; Secure</b>	<b>13</b>	<b>59</b>	<b>46</b>
<b>Equipment and Adaptations</b>	<b>1,180</b>	<b>1,144</b>	<b>(36)</b>
<b>Structural/Environmental Works</b>	<b>150</b>	<b>224</b>	<b>74</b>
<b>Other Categories</b>			
Purchase of Individual Properties	99	793	694
Stock Condition Survey	190	203	13
<b>Total for Other Categories</b>	<b>289</b>	<b>996</b>	<b>707</b>
<b>Insurance</b>			
Insurance Works	0	47	47
Insurance Receipts (not included in cap receipts)			0
<b>Total for Insurance</b>		<b>47</b>	<b>47</b>
<b>Mainstream Capital Total</b>	<b>16,706</b>	<b>20,834</b>	<b>4,128</b>
<b>New Council House Build</b>	<b>10,800</b>	<b>12,067</b>	<b>1,267</b>
<b>New Council House Total</b>	<b>10,800</b>	<b>12,067</b>	<b>1,267</b>
<b>Total Capital Programme</b>	<b>27,506</b>	<b>32,901</b>	<b>5,395</b>

## Gross Expenditure as Percentage of Budget

Current Year

120%

Last Year

93%

## Capital Receipts 2012/2013

	Funding Budget £'000	Actual to 31/03/2013 £'000	Estimated Variance £'000
<b>Mainstream Investment Programme</b>			
Useable Capital Receipts	2,131	3,131	1,000
Contribution to Individual Properties		180	180
Borrowing	11,171	12,469	1,298
Capital from Current Revenue	3,404	5,053	1,649
<b>Total For Mainstream Investment Programme</b>	<b>16,706</b>	<b>20,834</b>	<b>4,128</b>
<b>New Council House Build Programme</b>			
Government Grant	1,400	1,649	249
HRA Balances			0
Contribution from other services			0
Landbank		1,170	1,170
Borrowing	9,400	9,248	(152)
<b>Total For New Council House Build Programme</b>	<b>10,800</b>	<b>12,067</b>	<b>1,267</b>
Balance to C/F to 2012/2013			
<b>GROSS FUNDING</b>	<b>27,506</b>	<b>32,901</b>	<b>5,395</b>

## HOUSING HRA PROGRAMME

## MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 June 2013

	Budgeted Expend £'000	Actual Expend £'000	Estimated Outturn £'000	Estimated Variance £'000
<b>Free From Serious Disrepair</b>				
Roofs	343	42	343	0
Windows and Doors	1,431	47	1,431	0
Common External Fabric Repairs		(9)	0	0
<b>Total for Free From Serious Disrepair</b>	<b>1,774</b>	<b>80</b>	<b>1,774</b>	<b>0</b>
<b>Energy Efficiency</b>				
Cavity and Loft Insulation		(147)	0	0
Heating	9,009	1,462	9,009	0
Additional Energy Efficiency measures	617	328	617	0
<b>Total for Energy Efficiency</b>	<b>9,626</b>	<b>1,644</b>	<b>9,626</b>	<b>0</b>
<b>Modern Facilities and Services</b>				
Bathrooms	3,112	147	3,112	0
Kitchens	1,819	(105)	1,819	0
<b>Total for Modern Facilities and Services</b>	<b>4,931</b>	<b>42</b>	<b>4,931</b>	<b>0</b>
<b>Healthy, Safe &amp; Secure</b>				
Re-wiring		4	0	0
<b>Total for Healthy, Safe &amp; Secure</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>Equipment and Adaptations</b>	<b>1,030</b>	<b>33</b>	<b>1,030</b>	<b>0</b>
<b>Structural/Environmental Works</b>	<b>177</b>	<b>22</b>	<b>177</b>	<b>0</b>
<b>Other Categories</b>				
Purchase of Individual Properties		155	0	0
Stock Condition Survey	20		20	0
<b>Total for Other Categories</b>	<b>20</b>	<b>155</b>	<b>20</b>	<b>0</b>
<b>Insurance</b>				
Insurance Works	0		0	0
Insurance Receipts (not included in cap receipts)			0	0
<b>Total for Insurance</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Mainstream Capital Total</b>	<b>17,558</b>	<b>1,979</b>	<b>17,558</b>	<b>0</b>
<b>New Council House Build</b>	<b>23,442</b>	<b>3,336</b>	<b>23,442</b>	<b>0</b>
<b>New Council House Total</b>	<b>23,442</b>	<b>3,336</b>	<b>23,442</b>	<b>-</b>
<b>Total Capital Programme</b>	<b>41,000</b>	<b>5,315</b>	<b>41,000</b>	<b>0</b>

## Gross Expenditure as Percentage of Budget

Current Year	13%
Last Year	5%

## Capital Receipts 2013/2014

	Funding Budget £'000	Actual to 30/04/2013 £'000	Estimated Outturn £'000	Estimated Variance £'000
<b>Mainstream Investment Programme</b>				
Useable Capital Receipts	2,131	332	2,131	0
Contribution to Individual Properties			0	0
Borrowing	11,102	1,647	11,051	(51)
Capital from Current Revenue	4,325		4,376	51
<b>Total For Mainstream Investment Programme</b>	<b>17,558</b>	<b>1,979</b>	<b>17,558</b>	<b>0</b>
<b>New Council House Build Programme</b>				
Government Grant	6,030	420	6,030	0
HRA Balances			0	0
Contribution from other services			0	0
Landbank	690		690	0
Borrowing	16,722	2,916	16,722	0
<b>Total For New Council House Build Programme</b>	<b>23,442</b>	<b>3,336</b>	<b>23,442</b>	<b>0</b>
Balance to C/F to 2012/2013				
<b>GROSS FUNDING</b>	<b>41,000</b>	<b>5,315</b>	<b>41,000</b>	<b>0</b>

**HOUSING Non HRA and PRIVATE SECTOR HOUSING GRANT ELEMENT  
MONITORING STATEMENT OF PROGRAMME TO 31 March 2013 – Near Final Out-turns**

**Private Sector Housing Grant Element**

Budget Heading	Budget (£'000)		
	Agreed Budget	Proposed Adjustments	Net Budget
Care and Repair	3,167	0	3,167
Improvement Grants	400	0	400
Special Projects	50	0	50
Grants Management (TECs)	317	0	317
Grants Management (H&P)	50	0	50
Handyperson Schemes	400	0	400
<b>Totals</b>	<b>4,384</b>	<b>0</b>	<b>4,384</b>

Spend (£'000)	
	Estimated Outturn
	3,256
	319
	6
	317
	50
	474
	<b>4,422</b>

Funding (£'000)	2012/13
<b>Private Sector Housing Grant</b>	4,070
Additional Resources	
Carry forward from 2011/12	314
Income (repaid Grants)	0
Other Income	0
<b>Total Resources Available</b>	<b>4,384</b>
Estimated Expenditure Out turn	4,422
Balance to C/F to 2013/14	-38

**Non Private Sector Housing Grant Element**

Budget Heading	Budget (£'000)		
	Agreed Budget	Income	Net Budget
Gypsy Traveller Site Imps	100	0	100
Caithness Heat and Power	113	113	0
National Housing Trust	5,155	0	5,155
<b>Totals</b>	<b>5,368</b>	<b>113</b>	<b>5,255</b>

Spend (£'000)	
	Estimated Outturn
	58
	113
	5,100
	<b>5,271</b>

Funding (£'000)	2013/14
Carry forward from 2011/12	937
Earmarked Reserves	113
Borrowing	4,318
<b>Total Resources Available</b>	<b>5,368</b>



**HOUSING Non HRA and PRIVATE SECTOR HOUSING GRANT ELEMENT  
MONITORING STATEMENT OF PROGRAMME TO 30 June 2013**

**Private Sector Housing Grant Element**

Budget Heading	Budget (£'000)		
	Agreed Budget	Proposed Adjustments	Net Budget
Care and Repair	2,804	0	2,804
Improvement Grants	300	0	300
Special Projects	49	0	49
Grants Management (TECs)	317	0	317
Grants Management (H&P)	50	0	50
Handyperson Schemes	400	0	400
Empty Homes Initiative	150	0	150
<b>Totals</b>	<b>4,070</b>	<b>0</b>	<b>4,070</b>

Spend (£'000)	
Expenditure to date	Estimated Outturn
323	2,804
45	300
11	49
0	317
0	50
0	400
0	150
<b>379</b>	<b>4,070</b>

Funding (£'000)	2013/14
<b>Private Sector Housing Grant</b>	4,108
Additional Resources	
Carry forward from 2012/13	-38
Income (repaid Grants)	0
Other Income	0
<b>Total Resources Available</b>	<b>4,070</b>
Estimated Expenditure Out turn	4,070
Balance to C/F to 2013/14	0

**Non Private Sector Housing Grant Element**

Budget Heading	Budget (£'000)		
	Agreed Budget	Income	Net Budget
Gypsy Traveller Site Imps	113	0	113
National Housing Trust	7,652	0	7,652
Shovel Ready Projects	500	0	500
<b>Totals</b>	<b>8,265</b>	<b>0</b>	<b>8,265</b>

Spend (£'000)	
Expenditure to date	Estimated Outturn
1	113
682	7,652
0	500
<b>683</b>	<b>8,265</b>

Funding (£'000)	2013/14
Carry forward from 2012/13	0
Earmarked Reserves	0
Scottish Government Grant (Shovel Ready)	500
Borrowing	7,765
<b>Total Resources Available</b>	<b>8,265</b>

**THE HIGHLAND COUNCIL**  
**MONITORING OF CAPITAL EXPENDITURE - 1st April to 31st March 2013**

**Appendix 5**

**SERVICE: PROPERTY**

Projects	Project Code	2012/13						Notes
		Budget			Actual		Variance	
		A	B	C	D	E	F	
		Gross Expenditure £(000)	Income £(000)	Net Expenditure £(000)	Net Expenditure £(000)	Net Estimated Outturn £(000)	Col E minus Col C £(000)	
<b>Strategic Asset Management</b>								
Health & Safety / Statutory Compliance	20856	5,033	0	5,033	6,383	6,383	1,350	Additional spend to partly cover underspend on Wick Office Project
Disability Discrimination Act	21866	921	0	921	661	661	(260)	Delays to the Wick Town Hall project
Wick Office	PR001	2,051	0	2,051	565	565	(1,486)	Delays in start of project
Inverness Office Accommodation	PR003	151	0	151	55	55	(96)	Delays to works at HQ
Energy Management	PS011	3,264	0	3,264	3,623	3,623	359	Additional spend across a number of projects
		<b>11,420</b>	<b>0</b>	<b>11,420</b>	<b>11,287</b>	<b>11,287</b>	<b>(133)</b>	

THE HIGHLAND COUNCIL

MONITORING OF CAPITAL EXPENDITURE - 1st April to 30th June 2013

Appendix 6

SERVICE: PROPERTY

Projects	Project Code	2013/14						Notes
		Budget			Actual		Variance	
		A	B	C	D	E	F	
		Gross Expenditure £(000)	Income £(000)	Net Expenditure £(000)	Net Expenditure £(000)	Net Estimated Outturn £(000)	Col E minus Col C £(000)	
<b>Strategic Asset Management</b>								
Health & Safety/Statutory Compliance Projects	20856	4,150	0	4,150	544	4,150	0	
Disability Discrimination Act	21866	910	0	910	5	910	0	
Starter Business Units Inverness	22009	700	0	700	8	700	0	
Wick Office	PR001	4,900	0	4,900	153	4,900	0	
Office Rationalisation Dingwall	PR004	250		250	0	250	0	
Inverness Office Rationalisation	PR003	96		96	61	96	0	
Energy Management	PS011	3,796	0	3,796	1,037	3,796	0	
		<b>14,802</b>	<b>0</b>	<b>14,802</b>	<b>1,808</b>	<b>14,802</b>	<b>0</b>	