

The Highland Council

Finance, Housing and Resources Committee – 9 October 2013

Agenda Item	16
Report No	FHR/129/13

Housing and Property Service Capital Budgets: Monitoring to 31 August 2013

Report by the Interim Director of Housing and Property

Summary

This report presents an update on the position regarding expenditure to 31 August 2013 for the HRA Capital, Non HRA Housing Capital and Property Capital Programmes.

1. HRA Capital Programme 2013-14

- 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.
- 1.2 The 2013/14 Capital Programme Summary produced by the Finance Service is attached at **Appendix 1**. 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 31 August 2013 at £14.101m of which £6.471m relates to the mainstream programme, £7.254m relates to new build and £0.376m relates to new build through the temporary accommodation re-provisioning project.

2. HRA Mainstream Capital Programme 2013-2015

- 2.1 The 2013-15 capital programme targets all remaining properties which fail the Scottish Housing Quality Standard. Completion of the programme will allow for full stock compliance with the Standard.
- 2.2 As indicated previously at Committee there was an element of uncertainty with the specific costs and measures relating to renewable heating technology, which forms a significant part of the 2013-15 programme. A review of the costs and measures associated with this technology and the estimated income available through the Renewable Heat Incentive (RHI) is found within the Council's Standard Delivery Plan later in the agenda. If approved this will result in an increased HRA Capital Programme, but also the opportunity to access additional income.
- 2.3 Future HRA capital programme reports will contain a comprehensive list of all HRA mainstream capital projects, their spend to date and their projected outturns. This will provide Members with a more detailed update of the status of projects.
- 2.4 Members can access further details of individual capital contracts from the Ward Reporting page on the Members' Intranet by clicking on Capital Programme Services and then Housing and Property Services. Housing and Property Managers will also be able to discuss specific projects on a ward basis with Members.

3 Non HRA Capital Programme and Private Sector Housing Grant Programme

3.1 **Appendix 2** shows the Monitoring Statement for the non HRA Capital and Private Sector Housing Grant budget to 31 August 2013.

3.2 Comments on the Programmes

3.2.1 **PSHG element.** The levels of spend up to the end of August are lower than expected. However, spend has increased in September with an expectation that this, coupled with current demand and the levels of commitment from previous years, will result in full spend for the current year.

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

4. Property Capital Programme

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

4.2 Property Capital Programme 2013-14

4.2.1 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
▪ Starter Business Units Inverness	£0.700m
▪ Wick Office Rationalisation Project	£4.900m
▪ Dingwall Office Rationalisation	£0.250m
▪ Inverness Office Rationalisation	£0.096m
▪ Energy Management Projects	£3.796m
▪ Fort William Office Review	£0.010m*

*From Strategic Change and Development Fund

4.2.2 The Property Capital monitoring statement is attached as **Appendix 3**. It provides details of budget heading apportionment and project payments to 31 August 2013.

4.3 Summary of Expenditure to Date

4.3.1 The capital monitoring statement identifies spend to 31 August 2013 of £3.968 (27% of the allocated budget of £14.802m).

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

4.4 Budget Heading Performance

4.4.1 Health and Safety/Statutory Compliance Projects

4.4.2 Good progress continues to be made with new window, door, rewiring and reroofing projects in various Council public buildings and it is anticipated that full spend of the £4.150m budget will be achieved by year end.

4.5 Disability Discrimination Act (DDA) Projects

4.5.1 Current progress with DDA projects indicates that full spend of the £0.910m budget will be achieved by year end.

4.6 Starter Business Units – Inverness

4.6.1 Tenders have been returned for phase 1 of this project which consists of 8 units at Harbour Road Inverness and 4 units at Carse Industrial Estate. The contract has now been let with an anticipated completion of the units in April 2014. A report will be presented to members on progress on these units and the proposed programme and funding of phase 2 of this project at a future FHR committee.

4.7 Fort William Office Review

4.7.1 An option appraisal and feasibility study is being undertaken during 2013 to identify a preferred option for the Council's main office accommodation in Fort William. This review has included engagement with Area Service Managers, local Ward Members and partners to explore opportunities for co-locating Council and other services with a view to improving the efficient use of property that will support improved service delivery. It is anticipated that a report will be brought to Finance Housing and Resources Committee after this review has been concluded towards the latter part of 2013.

4.8 Wick Office Rationalisation Project

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

4.9 Inverness and Dingwall Office Accommodation Rationalisation Projects

4.9.1 A feasibility study is currently being undertaken to evaluate the suitability of office accommodation in the Dingwall area and also to engage with other public sector partners to explore the extent to which co-location opportunities exist and specifically understand further what impact proposed shared service initiatives may have on the overall need for office space.

4.10 Energy Management Projects

4.10.1 The new biomass boiler heating installations have been installed at Auchtertyre, Ardersier, Carrbridge and Kirkhill primary schools and will be commissioned during the October school break. Construction skill sessions are also being rolled out to these sites to inform both staff and pupils about the engineering aspects and challenges surrounding these works.

4.10.2 Further biomass heating conversion works are being planned for North Kessock Primary School and future planning applications are being proposed for Balloch, Dunbeath, Portree, Sleat and Staffin Primary Schools.

4.10.3 Solar Photovoltaic (PV) systems have been installed at Carbost, Eigg, Kyle, Kyleakin and Lochcarron Primary Schools providing the Council with over 70 PV sites which to date have generated in excess of 300,000kWh of electricity. Online access to these PV systems will be made available to schools to promote an early awareness

of the benefits of these power generation installations.

- 4.10.4 The large roof areas of Inverness Museum and Inverness Victorian Market Hall are currently being assessed for future installation of PV systems.
- 4.10.5 Gas Combined Heat and Power units are to be installed within Inverness Town House and Nairn Academy which will offset National grid power supply requirements and potentially bring income into the Council. Further Council sites are to be assessed for installation of this power generation technology.

5. Recommendations

Committee is asked to:

- 5.1 Note the current position to 31 August 2013 for the HRA Capital, Non HRA Housing Capital and Property Capital accounts.

Designation: Interim Director of Housing and Property

Date 30 September 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 August 2013

	Budgeted Expend £'000	Actual Expend £'000	Estimated Outturn £'000	Estimated Variance £'000
Free From Serious Disrepair				
Roofs	470	149	470	0
Windows and Doors	136	159	136	0
Common External Fabric Repairs	37	30	37	0
Total for Free From Serious Disrepair	643	338	643	0
Energy Efficiency				
Cavity and Loft Insulation	10	10	10	0
Heating	9,832	3,794	9,832	0
Additional Energy Efficiency measures	1,000	686	1,000	0
Total for Energy Efficiency	10,841	4,490	10,841	0
Modern Facilities and Services				
Bathrooms	1,793	368	1,793	0
Kitchens	2,921	879	2,921	0
Total for Modern Facilities and Services	4,714	1,247	4,714	0
Healthy, Safe & Secure				
Re-wiring			0	0
Total for Healthy, Safe & Secure	0	0	0	0
Equipment and Adaptations	1,080	166	1,080	0
Structural/Environmental Works	239	231	239	0
Other Categories				
Purchase of Individual Properties			0	0
Stock Condition Survey	41	0	41	0
Total for Other Categories	41	0	41	0
Insurance				
Insurance Works	0		0	0
Insurance Receipts (not included in cap receipts)			0	0
Total for Insurance	0	0	0	0
Mainstream Capital Total	17,558	6,471	17,558	0
New Council House Build	23,442	7,254	23,442	0
New Council House Total	23,442	7,254	23,442	-
Total For New 1 Bed Accommodation	0	376	0	0
Total Capital Programme	41,000	14,101	41,000	0

Gross Expenditure as Percentage of Budget

Current Year	33%
Last Year	28%

Capital Receipts 2013/2014

	Funding Budget £'000	Actual to 31/08/2013 £'000	Estimated Outturn £'000	Estimated Variance £'000
Mainstream Investment Programme				
Useable Capital Receipts	2,131	674	2,131	0
Contribution to Individual Properties	0	0	0	0
Borrowing	11,102	5,797	11,003	(99)
Capital from Current Revenue	4,325	0	4,424	99
Total For Mainstream Investment Programme	17,558	6,471	17,558	0
New Council House Build Programme				
Government Grant	6,030	920	6,030	0
HRA Balances	0	0	0	0
Contribution from other services	0	0	0	0
Landbank	1,190	1,030	1,190	0
Borrowing	16,222	5,304	16,222	0
Total For New Council House Build Programme	23,442	7,254	23,442	0
Borrowing	0	376	0	0
Total For New 1 Bed Accommodation	0	376	0	0
Balance to C/F to 2014/2015				
GROSS FUNDING	41,000	14,101	41,000	0

**HOUSING Non HRA and PRIVATE SECTOR HOUSING GRANT ELEMENT
MONITORING STATEMENT OF PROGRAMME TO 31 August 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
Totals	4,070	0	4,070

Spend (£'000)	
Expenditure to date	Estimated Outturn
360	2,804
66	300
14	49
0	317
0	50
0	400
0	150
440	4,070

Funding (£'000)	2013/14
Private Sector Housing Grant	4,108
Additional Resources	
Carry forward from 2012/13	-38
Income (repaid Grants)	0
Other Income	0
Total Resources Available	4,070
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	1,682	0	1,682
Shovel Ready Projects	500	0	500
Totals	2,295	0	2,295

Spend (£'000)	
Expenditure to date	Estimated Outturn
1	113
682	1,682
500	500
1,183	2,295

Funding (£'000)	2013/14
Carry forward from 2012/13	0
Earmarked Reserves	0
Scottish Government Grant (Shovel Ready)	500
Borrowing	1,795
Total Resources Available	2,295

The Highland Council									Appendix 3	
Monitoring of Capital Expenditure - 1st April to 31st August 2013										
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)			
Strategic Asset Management										
Health & Safety & Statutory Compliance	PM	4,150	0	4,150	1,534	4,150	0			
Disability Discrimination Act	PA	910	0	910	38	910	0			
Starter Business Units Inverness	PB	700	0	700	95	700	0			
Fort William Office Review	PR005	10	(10)	0	0	0	0			
Wick Office	PR001	4,900	0	4,900	729	4,900	0			
Office Rationalisation Dingwall	PR004	250		250	0	250	0			
Inverness Office Rationalisation	PR003	96		96	62	96	0			
Energy Management	PE	3,796	0	3,796	1,511	3,796	0			
		14,812	(10)	14,802	3,968	14,802	0			