

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 21 NOVEMBER 2023

HOUSING CAPITAL MONITORING REPORT – 2023/24

**REPORT BY THE DIRECTOR OF VIBRANT COMMUNITIES
AND SUSTAINABLE GROWTH**

ABSTRACT

This report relates to the Housing Revenue Account (HRA) Capital performance to date in 2023/24. It sets out the actual Capital spend to 30 September 2023 together with projected outturns for the year to 31 March 2024 and any required updated Capital funding proposals.

1. RECOMMENDATION

It is recommended that the Committee:

- (i) Review and scrutinise the contents of this report, including the projected year end positions on Capital expenditure, and the indicative funding proposals for the programme;
- (ii) Note the projected outturn overspend position described at 5.1;
- (iii) Note that these projections were based on the actual spend position as at 30 September 2023 – i.e. prior to the impact of storm Babet;
- (iv) Note that the Housing and Property Services are focussed on recovery from the impacts of storm Babet and in particular the needs of our tenants in that regard and that this necessary shift in focus will impact on progress of projects across the HRA capital programme in the current year; and
- (v) Note that an amended capital plan will form part of the papers to be presented to the special meeting of this committee in February 2024 at which future rent levels will be considered.

2. ALIGNMENT TO THE COUNCIL PLAN/COMMUNITY PLAN

This report contributes to the following priorities contained within the Angus Council Plan 2023-2028.

Caring for Our Place

- ensure the provision of new houses in Angus Council.
- ensure delivery of affordable housing via our Strategic Housing Investment Plan (SHIP).
- ensure that our housing estate is well maintained and invest in improvements.

3. BACKGROUND

- 3.1 The responsibilities of Chief Officers with regard to capital monitoring are set out in Section 7 of the Council's Financial Regulations. This report seeks to ensure that budgetary control is exercised in line with those Regulations.

4. 2023/24 CAPITAL BUDGET

- 4.1 The HRA capital monitoring budget for 2023/24 is £11.663m as detailed at Appendix 1. It is expected that there will be no changes allowed to this monitoring budget during the year, resulting in this being the budget against which HRA capital monitoring will be carried out for the remainder of the financial year.

- 4.2 There has been a slight change to the presentation of the 2023/24 Capital Programme and the funding of the Programme. This is to reflect that £0.274m of the £0.500m Affordable Housing Reserve funding has been allocated directly to the Affordable Housing – Glenview Project as developer contributions. There is no actual change to the Capital Programme.

5. 2023/24 CAPITAL MONITORING OUTTURN POSITION

- 5.1 Table 1 below sets out the position of the overall Housing Capital Programme for 2023/24 as at 30 September 2023. It may be noted that the actual spend achieved to 30 September 2023 on the Housing Capital Programme is £4.620m which equates to 39.6% of the monitoring budget of £11.663m. It is projected at this time that by the end of the financial year, net expenditure will total £12.023m which represents a potential overspend of £0.360m (3.1%). See section 7.2 for funding sources.

As per recommendation (iv), members are asked to note that the Housing and Property Services are focussed on recovery from the impacts of storm Babet and in particular the needs of our tenants in that regard and that this necessary shift in focus will impact on progress of projects across the HRA capital programme in the current year. An amended capital plan will form part of the papers to be presented to the special meeting of this Committee in February 2024 at which future rent levels will be considered.

The main reasons for the overspend projected at the time of writing this report are contained in section 6 below.

Table 1 – Housing Capital Programme

Programme	Monitoring Budget	Actual Expenditure 30 Sept 2023	Outturn 2023/24	Projected (over)/ under Spend
	£m	£m	£m	£m
New Build	2.403	1.764	2.647	(0.244)
Shared Equity	0.007	0.000	0.000	0.007
Conversion	0.667	0.201	0.703	(0.036)
Aids and Adaptations	1.353	0.584	1.353	0.000
Improvements	0.375	0.000	0.375	0.000
Energy Savings / Zero Carbon	4.221	1.184	3.743	0.478
Sheltered Housing	0.475	0.223	0.475	0.000
Internal Upgrades	1.688	0.628	1.518	0.170
Miscellaneous	0.474	0.050	1.223	(0.749)
Balances on Completed Projects	0.000	(0.014)	(0.014)	0.014
Total Programme	11.663	4.620	12.023	(0.360)

6. COMMENTARY ON SIGNIFICANT CAPITAL BUDGET MONITORING ISSUES

- 6.1 Members are asked to note the following projects, either because there are aspects out of the ordinary, or they are potentially more risky for achieving budgeted spend in 2023/24 due to their stage of development, the involvement of other parties, or the expected outturn is + or - £100K from the monitoring budget.
- 6.2 **New Build.** This is due to a higher number of Open Market Acquisitions and corresponding increase in disposals which will be reflected in a higher number of capital receipts which will be applied to fund future years' capital programmes.

- 6.3 **Energy Saving/Towards Zero Carbon.** There is a projected underspend due to Energy Efficiency Standard for Social Housing (EESH) projects being targeted to more rural areas which results in a lower spend profile due to stock density. We still await the outcome of the Scottish Government consultation on EESH2 which will inform the future programme of energy efficiency works. There has been some movement within individual projects in the Heating Decarbonisation Programme.
- 6.4 **Internal Upgrades.** This is due to a delay in the acceptance of the tender for the Bathroom Replacement Programme. This is not an underspend on the Programme, as the budget will be rephased into future years.
- 6.5 **Miscellaneous.** Additional expenditure was required on smoke alarm upgrades to comply with statutory requirements. Also an emerging requirement arose to replace obsolete components for LED light replacements within sheltered housing.

7. 2023/24 CAPITAL FUNDING

- 7.1 Table 2 below details the resources estimated to be available to finance the capital programme as at the time of setting the 2023/24 monitoring budget. Also detailed is the projected outturn resources position taking account of the monitoring projections above.
- 7.2 The financing position of the capital programme will be kept under regular review throughout the year and the updated projected potential funding package reported to committee.

Table 2 - Capital Funding

2023/24 Capital Budget	Monitoring Budget Funding	Projected Outturn Funding Current Programme
Funding Sources	£m	£m
Prudential Borrowing	6.119	6.479
Capital Receipts	0.234	0.234
Capital Financed from Current Revenue	4.284	4.284
Affordable Housing Reserve	0.226	0.226
Transfer from Earmarked Reserves	0.800	0.800
Total Funding Sources	11.663	12.023

8. FINANCIAL IMPLICATIONS

- 8.1 The financial implications for the Council arising from the recommendations in this report are as detailed in the body of the report, the accompanying appendix and as summarised in Table 3 below.
- 8.2 Should the projected overspend materialise, this can be funded by additional borrowing as reflected in Table 2 above, however the ultimate funding mix will be reviewed at the year end.
- 8.3 Members will note that the use of audited available HRA balances totalling £3.186m over the period of the financial plan are included in Table 3 below, reflecting ongoing investment in existing stock to maintain properties at or above the Scottish Housing Quality Standard (SHQS) and the EESH as well as delivering on our commitment to continue the New Build Housing Programme over the coming years.
- 8.4 In line with recommendations (iv) and (v), members should note that the financial implications arising from the HRA capital programme in the current year are subject to change as a result of the shift in focus to recovery from the impacts of storm Babet. Changes to the financial

implications will be reported in detail when the amended capital programme is presented to the special meeting of this committee in February 2024.

Table 3 - HRA Balances

	Monitoring Budget £m	Projected Outturn £m
Audited Housing Balance as at 01/04/23	4.186	4.186
Less Minimum Balance Requirement	(1.000)	(1.000)
Audited Available Housing Balance as at 01/04/23	3.186	3.186
<u>Known / Potential Commitments:</u>		
SHQS/New Build Housing/Zero Carbon	(3.186)	(3.186)
Total Known / Potential Commitments	(3.186)	(3.186)
Audited Available Housing Balance as at 01/04/23 after allowing for known / potential commitments	0.000	0.000
Add: Anticipated Housing Revenue Account Surplus	0.000	0.000
Anticipated Uncommitted Housing Balance at 31/03/24 after applying anticipated surplus for the year.	0.000	0.000

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

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List of Appendices:

Appendix 1 – Housing Capital Monitoring Statement