

EAST RENFREWSHIRE COUNCIL

13 February 2014

Report by Director of Environment

HOUSING CAPITAL PROGRAMME 2014/15 TO 2019/20

PURPOSE OF REPORT

1. To seek the approval of the Council for the proposed five year Housing Capital Programme from 2014/15 to 2019/20.

RECOMMENDATION

2. It is recommended that the Council approves the proposed Housing Capital Programme for the years from 2014/15 to 2019/20 and authorises the Director of Environment to progress the projects listed within 2014/15.

BACKGROUND AND REPORT

3. This report details the anticipated capital expenditure requirements for Housing Services for the next five years.

4. Expenditure is classified as capital when it creates a new asset or improves the condition of the existing asset beyond its previously assessed standard of performance. Capital expenditure on existing assets should increase the value of the asset or extend its expected useful life e.g. upgrading of windows and roofs.

5. This is distinct from revenue expenditure which covers the management costs associated with the Council's housing landlord function such as repairs and maintenance to the housing stock and the annual borrowing costs resulting from the capital expenditure.

6. The vast majority of expenditure on the housing capital programme between now and the next year will relate to the need to meet the Scottish Housing Quality Standard.

7. As the Council will be aware, the Scottish Government, in an attempt to drive an improvement in standards within the social rented housing sector within Scotland, is committed to the delivery of the Scottish Housing Quality Standard (SHQS), which local authorities are expected to meet by 2015.

8. As reported to the Cabinet in November 2013, at the end of September 2013 around 88.8% of the housing stock was compliant with the SHQS. By the end of this financial year Housing Services expect to be 92% compliant.

9. The appendix to this report provides detail of the spending priorities and values contained within the Capital Programme from 2014/15 to 2019/20. A full list of individual addresses will be finalised and will follow, once the Capital programme has been approved, for Elected Members' information.

10. The capital programme is financed through a variety of sources including borrowing, receipts from the sale of Council housing and recharges to owner occupiers. For future years an allowance has been made for receipts from the sale of land.

11. Anticipated capital receipts (mainly from Council house sales) continue to be significantly lower than previously levels. From sales of about one hundred Council properties per year in around 2005, sales are now expected to be no more than ten - fifteen per year. This has resulted in a decrease in income of over £1.5 million per annum. This means the Housing Capital Programme needs to be funded by borrowing or higher rents to allow the Council to meet the SHQS by 2015.

12. The 30 year business plan was last updated and reported to an information session for Elected Members on 11th December 2013. The financial appraisal carried out confirmed that Housing Services were in a position to support the required level of annual expenditure required to meet the SHQS. This was based upon a number of assumptions in relation to rent increases and the disposal of specific land assets. These assumptions continue to be monitored on an annual basis.

13. It is essential that the Council ensures that capital expenditure achieves value for money, is appropriately targeted and is customer focused.

14. In conjunction with colleagues in Procurement and Property & Technical Services a robust approach is taken in relation to the procurement and management of external contractors in order to achieve these aims. Regular meetings are held with contractors to ensure that quality is maintained and that any problems can be addressed as soon as they occur.

FINANCE AND EFFICIENCY

15. Prudent management and a rent increase of 5.0% will ensure the proposed expenditure for 2014/15 is affordable.

16. The expenditure levels for years 2015/16 and onwards will be reviewed when the business plan is reviewed in the summer.

CONSULTATION AND PARTNERSHIP WORKING

17. In order to ensure the capital programme is efficient and delivers value for money, a partnership approach is in place with colleagues from Procurement and Property and Technical Services. To ensure the programme is consistent with the priorities of our tenants a capital programme scrutiny group has been established. The majority of the content of the capital programme is determined by the need to meet the SHQS and therefore the scope for its content to be determined through consultation is limited.

IMPLICATIONS OF THE PROPOSALS

18. This report does not have any implications in terms of staffing, property, legal, IT, equalities or sustainability.

CONCLUSIONS

19. The high levels of investment contained within the programme are essential to allow the Council to meet the SHQS by 2015. The continued investment is affordable and will be welcomed by Council tenants who will see the quality of their homes continue to be improved.

RECOMMENDATION

20. It is recommended that the Council approves the proposed Housing Capital Programme for the years from 2014/15 to 2019/20 and authorises the Director of Environment to progress the projects listed within 2014/15.

Director of Environment

Further details can be obtained from Phil Daws Housing Services Manager on 0141 577 3186 or phil.daws@eastrenfrewshire.gov.uk

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KEY WORDS

A report seeking approval for the proposed 5 year Housing Capital Programme

Key words: Housing, capital, programme, major investment, repairs, maintenance, SHQS

HRA 5 Year Capital Programme

Project	2014/15	2015/16	2016/17	2017/18	2018/19	Total
SHQS INVESTMENT PER JMP REPORT						
Central Heating Systems (includes replacing obsolete systems)	423	423	475	475	475	2,271
Re-wiring (includes mechanical extractor fans, smoke alarms, carbon monoxide detectors and test and inspect)	328	328	288	288	249	1,481
Roofs and Render	3,131	901	952	696	857	6,537
Windows	298	298	299	325	325	1,545
Communal Close Windows	17	35	45	21	21	139
Kitchens	54	29	104	454	454	1,095
Bathrooms	53	44	89	284	284	754
External Doors	30	0	10	130	130	300
Communal Door Entry	17	40	60	33	40	190
Sheltered Housing	100	50	50	50	50	300
Aids and Adaptations	208	208	208	208	208	1,040
Energy Efficiency	80	80	40	40	40	280
Communal Paths, Walls, Lighting, Bin Stores, Drying Areas etc	75	75	215	215	215	795
10 Kerr Street	425					425
Total	5,239	2,511	2,835	3,219	3,348	17,152

Reconciliation to HRA Model - Eaglesham 7 New Build

700
3,211

Resources:-

Borrowing	4,293	1,510	1,614	2,519	2,648
Receipts From Sale of Council Houses	521	521	521	0	0
Receipts From Sale of Land	0	100	500	500	500
Capital From Current Revenue	0	0	0	0	0
Recharges to Owner Occupier	200	550	200	200	200
Capital Grant (7 @ £30k)	0	210	0	0	0
Commuted Sums	0	320	0	0	0
Insurance Fund Contribution (Kerr Street)	200	0	0	0	0
CFCR (Kerr Street)	25	0	0	0	0
Total	5,239	3,211	2,835	3,219	3,348