

**CLACKMANNANSHIRE COUNCIL**

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**Report to: Scrutiny Committee**

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**Date: 21st January 2010**

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**Subject: Housing Capital Account 2009/10 to 2011/12: Monitoring Report**

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**Report By: Finance Manager**

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**1.0 PURPOSE**

- 1.1. This paper reports on the projected out-turn of the Housing Capital Programme for the financial year 2009/10 and a summary of budgets for 2010/11 and 2011/12, based on the current review of the programme.
- 1.2. This is an update report detailing variations from budgets approved by Council in March 2009, including carry forward of unspent budgets from 2008/09 which were reported previously. The report also details anticipated savings and overspends in specific budgets in the current year following the latest review of the programme and highlights any variances.
- 1.3. The Service continues to make significant progress in delivering a substantial programme despite procurement issues and is on course to deliver the SHQS and 'Clackmannanshire Standard' as per the Business Plan.

**2.0 RECOMMENDATIONS**

- 2.1. It is recommended that the Committee note the contents of this report.

**3.0 CONSIDERATIONS**

- 3.1. As noted in the previous report, the approved budgeted gross expenditure for 2009/10 was increased from £7,014k to £7,944k as a result of the carry forward of £930k from 2008/09. The Council had also approved indicative budgets for 2010/11 and 2011/12 with gross expenditure of £5,437k and £5,937k respectively.
- 3.2. According to the current outturn projections, the gross expenditure is expected to reduce to £5,622k which is a further reduction from the out-turn reported previously of £6,450k.

- 3.3. The latest projected gross expenditure outturn of £5,622k is a reduction of £2,322k compared to the budget and these are summarised in 3.4 below. The variance of £2,322k is made up of committed budgets of £1,956k to be carried forward to 2010/11, and savings of £366k which the Service is also proposing to carry forward to next year.

- 3.4. Summary of Variances from the budget:

**Kitchens & Bathrooms:** £1,773k of which £1,555k will be carried forward to 2010/11 and a saving of £218k. . It was highlighted in the previous report that this was due mainly to procurement issues. A report has been presented to the Council on this subject. The Court hearing was held on 13th November 2009 and judgement is expected by end of December 2009 at which point a further update will be provided.

**Structural Works:** Projected to show an underspend of £145k due to receipts of insurance payments. Underspend to be carried forward for projects which were back programmed due to immediate Health & Safety Insurance Work

**Demolitions:** £138k to be carried forward. This is out-with the control of the Council, pending Scottish Government consent to demolish earmarked houses.

Where possible, the Service has sought to bring forward planned works to offset savings and carry forwards.

- 3.5. As reported previously, the current economic conditions continue to adversely affect Council house sales. The current review indicates that the sales will be slightly better than the position reported previously. The Service anticipates net receipts of £451k from sale of between 12-15 houses. In addition to this, the Service received £60k from sale of other Housing asset. Taking into consideration these receipts, the net expenditure for the year is projected to be £5,119k
- 3.6. Last year the Service utilised the Housing Revenue reserve to fund part of the 2008/09 capital expenditure. It is anticipated that the reserve will be used again this year to help fund the capital programme.
- 3.7. Taking into account the proposed carry forward of savings and committed budgets stated in 3.3 and detailed in 3.5 above, a proposal will be submitted to the Council to revise the indicative gross expenditure budget for 2010/11 from £5,437k to £7,759k. This will be in connection with the next 3 year programme to be presented to the Council next year.
- 3.8. Brief details of reasons for savings, overspends, transfers and project updates are provided in Appendix 1.

#### 4.0 SUSTAINABILITY IMPLICATIONS

- 4.1. Not applicable to monitoring reports

#### 5.0 RESOURCE IMPLICATIONS

- 5.1. Financial Details: The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate
- 5.2. Staffing: There are no direct implications to staffing arising from this report .

#### 6.0 EXEMPT REPORTS

Is this report exempt? **Yes** (please detail the reasons for exemption below) **No** ☒

#### 7.0 DECLARATIONS

- 7.1. The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008-2011**

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input checked="" type="checkbox"/>
Our communities are safer	<input checked="" type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input checked="" type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) **Council Policies** (Please detail)

#### 8.0 EQUALITIES IMPACT

- 8.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? **YES** ☒ **NO** ☐
- Required** ☐ **Not Required** ☐

## 9.0 LEGALITY

- 9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. **YES ☒ NO ☐**

## 10.0 APPENDENICES

The following appendix is attached to this report:

Appendix 1: Housing Capital Programme 2009/10 to 2011/12: Position as at August 200

## 11.0 BACKGROUND PAPERS

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

**YES ☒** (Please list the documents below) **NO**

- 1 Housing Capital Account 2009/10 to 2011/12: Monitoring Report  
(Report to Scrutiny Committee meeting on 22nd October 2009).
- 2 Housing Revenue Budget 2009/10 and Capital Programme 2009/12  
(Report to Special meeting of Council on 10th March 2009).

### Author(s)

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### Approved By

NAME	DESIGNATION	SIGNATURE
Susan MacKay	Finance Manager	(Signed: S MacKay)
Angela Leitch	Chief Executive	(Signed: A Leitch)

Housing Capital Programme 2009/10 to 2011/12	Revised Budget, Inc cl	To 30th November 2009									Projected Out-turn as at Nov (Dec HPBF mtg)	2010/11 Indicative Budget (exc carry forwards from 09/10)	2011/12 Indicative Budget	Project Status as at November 09 (December HPBF meeting)
		Contract Payments	Payments to DSO/DLO	Architects Fees	Prof Fees	Disturbance Payments	Other Expend	Total Expend	Income	Net Expend				
		£	£	£	£	£	£	£	£	£	£	£	£	
<b>SCOTTISH HOUSING QUALITY STANDARD</b>	-	6705	6182	6020	5115					-	-	-	-	
TACKLING SERIOUS DISREPAIR														
PRIMARY BUILDING ELEMENTS														
														Scottish Housing Quality Standard - Free from serious disrepair and modern facilities: Work has been essential Health and Safety works for removal of asbestos materials to be carried out prior to and in conjunction with other SHQS enhancement programmes, e.g. Fire Damage, Structural Failure. Previously reported overspend of £21k to Scrutiny Committee, now projected to show an underspend of £145k due to receipts of insurance payments. Underspend to be carried forward for projects which were back programmed due to immediate Health & Safety Insurance Work.
Structural Works	205,000	120,995.00	647.00	0.00	8,304.00	1,007.00	2,122.00	133,075.00	(105,832.00)	27,243.00	60,000	150,000	150,000	
SECONDARY BUILDING ELEMENTS														
														The latest draft position shows that the budget will be required as damp/rot is identified. This is essential Health and Safety works to remove damp/rot and ensure the long term use of the assets and meet legislative requirements.
Damp/Rot	30,000	6,155.00	0.00	0.00	0.00	0.00	0.00	6,155.00	0.00	6,155.00	30,000	25,000	25,000	
														The latest draft position projects an underspend of £72k. In Contract 2201, the Housing Services have exhausted their powers to encourage the shop owners to participate in common roof upgrading work. It now requires a meeting with Building Standards with a view to using the Statutory powers. Unlikely to be resolved this financial year. The underspend will be carried forward.
Roofs / Rainwater / External Walls	407,000	285,389.00	0.00	0.00	5,330.00	0.00	0.00	290,719.00	0.00	290,719.00	335,000	525,000	325,000	
														The latest draft position shows External Doors costs of £24k are to be transferred to Revenue as impairment costs, following external auditor's comments in the previous year. The CFCR will be reduced correspondingly to compensate for the impairment charge to revenue. There will therefore be a nil impact on both the bottom line revenue balance and borrowing.
External Door, etc	0	0.00	1,879.00	0.00	0.00	0.00	0.00	1,879.00	0.00	1,879.00	0	0	0	
ENERGY EFFICIENCY														
														The latest draft position shows a projected savings of £135k, due mainly to lower than anticipated Tender in contract 2303A (09/10 Central Heating Phase 1). The current projected underspend is lower than the position reported previously (£187k) to the Scrutiny Committee. This is as a result of increasing production in the Heating Term Contract. Consideration is now being given to bring forward projects to utilise this savings.
Full/Efficient Central Heating	1,025,000	448,561.00	0.00	0.00	54.00	9,465.00	0.00	458,080.00	0.00	458,080.00	890,000	900,000	900,000	
														The latest draft position shows all projects in Thermal Insulation are complete. Spend attributed to delays in receiving Consultants fees. Overspend will be met from underspend in other projects
Thermal Insulation	0	159.00	0.00	0.00	2,384.10	0.00	0.00	2,543.00	0.00	2,543.00	3,000	0	0	
MODERN FACILITIES & SERVICES														

Housing Capital Programme 2009/10 to 2011/12	Revised Budget, Inc cl	To 30th November 2009									Projected Out-turn as at Nov (Dec HPBF mtg)	2010/11 Indicative Budget (exc carry forwards from 09/10)	2011/12 Indicative Budget	Project Status as at November 09 (December HPBF meeting)
		Contract	Payments to	Architects	Prof	Disturbance	Other	Total	Income	Net				
		Payments	DSO/DLO	Fees	Fees	Payments	Expend	Expend		Expend				
	£	£	£		£		£	£	£	£	£	£	£	
Kitchen Renewal	3,695,000	1,107,027.00	2,981.00	0.00	37,670.00	32,632.00	0.00	1,180,310.00	0.00	1,180,310.00	2,395,000	269,000	269,000	The latest draft position shows an unspent committed budget of £1,300k (a decrease of £236k from the position previously reported to the Scrutiny Committee). Projected underspend is due to procurement issues on Contract 2286A (2009/10 Kitchen & Bathroom Phase 1). A report has been presented to the Council on this subject. The Court hearing was held on 13th November 2009 and judgement is expected by end of December 2009 at which point a further update will be provided. In any case, the unspent budget is committed expenditure and will be carried forward to next year.
Bathrooms	1,103,000	7,067.00	1,742.00	34.00	6,262.00	121.00	0.00	15,226.00	0.00	15,226.00	630,000	2,249,600	3,021,850	The latest draft position shows an unspent committed expenditure of £255k due to procurement delays and further £218k savings due to lower than anticipated tender. Consideration is now being given to bringing forward works from 2010/11 into Contract 2301A (09/10 Bathroom Replacement Phase 1) to utilise the savings.
HEALTHY, SAFE & SECURE														
Safe Electrical Systems	457,000	45,972.00	46,666.00	0.00	4,421.00	4,451.00	0.00	101,510.00	0.00	101,510.00	484,000	446,000	474,000	The latest draft position showing an overspend of £27k in Contract 2259A ( a decrease of £11k from the previous report, as a result of lower than anticipated tender). The overspend was expected to be covered by carry forward from the previous year. However, that was not possible because of overspend in Voids Budget in 08/09. The slight saving received through procurement has been affected by a further overspend in Voids Budget 09/10.
Communal Areas (Environmentals)	111,000	5,099.00	6,936.00	0.00	0.00	0.00	0.00	12,035.00	0.00	12,035.00	91,000	150,000	100,000	The latest draft position shows an underspend of £20k due to slippage of projects as a result of Contractors not responding to requests to commence work. The underspend may be carried forward to 2010/11
NON-SHS ELEMENTS														
PARTICULAR NEEDS HOUSING (CITC)														
Conversions & Upgradings	110,000	52,645.00	0.00	0.00	3,021.00	0.00	0.00	55,666.00	0.00	55,666.00	64,000	50,000	50,000	The latest draft position shows an underspend of £46k. This is due to delays in finalising transfer of Hillcrest Drive. Budget to be carried forward to 10/11.
Disabled Adaptations	358,000	33,848.00	109,469.00	0.00	29,484.00	157.00	666.00	173,705.00	(1,097.00)	172,608.00	325,000	200,000	200,000	The latest draft position shows a spend of £33k less than budgeted figure. This is because of Minor Adaptation Costs which is to be transferred to Revenue, following external auditor's comments in the previous year. The CFCR will be reduced correspondingly to compensate for the impairment charge to revenue. There will therefore be a nil impact on both the bottom line revenue balance and borrowing.
Area Improvements	62,000	0.00	2,896.00	740.00	0.00	0.00	0.00	3,636.00	0.00	3,636.00	62,000	122,400	122,150	The latest draft position shows Area Improvements is within budget.
Water Supply Pipe Replacement	108,000	13,725.00	0.00	0.00	0.00	0.00	0.00	13,725.00	0.00	13,725.00	108,000	50,000	50,000	Draft position shows projects are within budget subject to Scottish Water finalising costs and clarifying procurement position.

Housing Capital Programme 2009/10 to 2011/12	Revised Budget, Inc or	To 30th November 2009									Projected Out-turn as at Nov (Dec HPBF mtg)	2010/11 Indicative Budget (exc carry forwards from 09/10)	2011/12 Indicative Budget	Project Status as at November 09 (December HPBF meeting)
		Contract	Payments to	Architects	Prof	Disturbance	Other	Total	Income	Net				
		Payments	DSO/DLO	Fees	Fees	Payments	Expend	Expend		Expend				
	£	£	£		£		£	£	£	£	£	£	£	
												100,000	100,000	
Demolitions	138,000	0.00	0.00	0.00	450.00	0.00	644.00	1,094.00	0.00	1,094.00	0	100,000	100,000	Service currently waiting on Scottish Government consent to proceed with demolition of 5 & 6 Burnside Crescent. Had expected to go ahead this year but since we have not received consent yet it is unlikely that this will go not ahead. Budget will be carried forward to 2010/11.
Feasibility Work	125,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125,000	100,000	50,000	The budget of £125k will be used for Standard Delivery Plan which is Stock Condition Survey and Stock Revaluation. This exercise is underway at the moment. Procurement tenders are being evaluated.
Other Costs	10,000	0.00	0.00	0.00	15,200.00	0.00	142.00	15,342.00	0.00	15,342.00	20,000	100,000	100,000	The latest draft position shows an overspend of £10k, (an increase of £10k from the previous report). This is due to additional development work in Investment Programme Database.
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>7,944,000</b>	<b>2,126,642.00</b>	<b>173,216.00</b>	<b>774.00</b>	<b>104,276.10</b>	<b>47,833.00</b>	<b>3,574.00</b>	<b>2,464,700.00</b>	<b>(106,929.00)</b>	<b>2,357,771.00</b>	<b>5,622,000</b>	<b>5,437,000</b>	<b>5,937,000</b>	
<b>SALE OF COUNCIL PROPERTY</b>														
Sale of Council Houses				340.00	1,006.00			1,346.00	(371,420.00)	(370,074.00)	(451,000)	(1,282,434)	(1,257,462)	House Sales continues to be poor due to current market conditions. Housing Service will look to increase receipts from other sources. Latest projection is possible sale of 14 houses at average sale price of £33.7k totalling £471k, less £20k expenses, with net receipts of £451k. To end of November 11 houses have sold.
Sale of Council Shops					30.00			30.00	(50,000.00)	(49,970.00)	(50,000)			
Sale of HRA Land								0.00	(9,732.00)	(9,732.00)	(10,000)			
<b>Mortgage Rescue/Shared Ownership</b>														
Mortgage Rescue / Shared Ownership			87.00		67.00		7,065.00	7,219.00		7,219.00	8,000			
	(1,305,120)	0.00	87.00	340.00	1,103.00	0.00	7,065.00	8,595.00	(431,152.00)	(422,557.00)	(503,000)	(1,282,434)	(1,257,462)	
<b>GRANTS</b>								0.00		0.00	0	0	0	
	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	
<b>NET EXPENDITURE</b>	<b>6,638,880</b>	<b>2,126,642.00</b>	<b>173,303.00</b>	<b>1,114.00</b>	<b>105,379.10</b>	<b>47,833.00</b>	<b>10,639.00</b>	<b>2,473,295.00</b>	<b>(538,081.00)</b>	<b>1,935,214.00</b>	<b>5,119,000</b>	<b>4,154,566</b>	<b>4,679,538</b>	

