DATA LABEL: PUBLIC

COUNCIL EXECUTIVE

2011/12 HOUSING CAPITAL REPORT – FINAL OUT TURN

REPORT BY DEPUTE CHIEF EXECUTIVE

A. PURPOSE OF REPORT

To provide the Council Executive with a report on the financial outturn for the Housing Capital Programme for 2011/12.

B. RECOMMENDATION

- It is recommended that the Council Executive note the final out-turn position for financial year 2011/12.

C. SUMMARY OF IMPLICATIONS

I	**Council Values**	Focusing on our customers' needs Being honest, open and accountable Making best use of our resources
II	**Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)**	The council's Housing Capital Programme is managed within the stringent requirements set out in the Prudential Code.
III	**Implications for Scheme of Delegations to Officers**	None
IV	**Impact on performance and performance Indicators**	None
V	**Relevance to Single Outcome Agreement**	Outcome 10 – We live in well designed, sustainable places where we are able to access the services we need.
VI	**Resources - (Financial, Staffing and Property)**	The HRA capital programme has accelerated spend of £1.172 million.
VII	**Consideration at PDSP**	Not applicable
VIII	**Other consultations**	Consultation has taken place with housing management and technical staff as well as with tenants and the Head of Finance & Estates.

D. TERMS OF REPORT

1. Introduction

This report provides information on the financial position in relation to the Housing Capital Programme as at 31 March 2012.

2. Capital Expenditure

The revised Housing Capital Programme of £39.568 million was approved by the Council Executive on 4 October 2011. The out turn position shows an over spend of £1.172 million, due to additional SHQS costs and accelerated fencing and painting works. The final outturn position was £38.44 million, with programme management of £1.128 million having been identified. The table below summarises the programme and a commentary on some of the variances and budget headings is provided below.

	Revised Budget £'000	**Outturn £'000**	**Variance £'000**
SHQS Work	14,484	13,978	(506)
External Upgrading	2,791	3,902	1,111
Energy Efficiency	2,249	2,650	401
New Build	16,204	14,037	(2,167)
Miscellaneous	3,840	3,873	33
	39,568	38,440	(1,128)
Programme Management	(2,300)		2,300
Total	37,268	38,440	1,172

Scottish Housing Quality Standard (SHQS)

As previously reported, the under spend is mainly as a result of delays in the commencement dates of Moorelands, Main Street Fauldhouse and balcony repairs at the High Street in Linlithgow which were all delayed until 2012/13. This has been offset slightly by additional work at Falconer Rise, Polbeth and Gideon Court.

External Upgrading

Previously reported additional expenditure on painting and on fencing projects was achieved, while further work was accelerated prior to 31 March.

Energy Efficiency

A total of 596 central heating upgrades were completed: as previously reported, this exceeded the budget.

New Build

As previously reported Alderstone Road was delayed due to problems with the road construction consent and issues with utility connections. At Little Boghead no legal agreement was reached with Eagle Envelopes for the noise reduction work to proceed. As a result of this, the £700,000 developer contribution could not be paid. This has been partly offset by accelerated spend at the other sites where work is progressing.

Miscellaneous

Aids and Adaptations expenditure was £182,000, lower than the budget of £1 million, reflecting fewer extensions being carried out and confirming the trend identified in 2011/12. There were 28 Mortgage to Rent purchases in 2011/12, in line with previously reported expectations.

3. Capital Resources

The table below shows the capital resources available to fund the housing capital programme in 2011/12.

	Revised Budget £'000	Income £'000	Variance £'000
House Sales	3,300	2,182	(1,118)
Borrowing	25,991	18,775	(7,216)
CFCR	7,977	8,271	294
Government Funding	0	9,212	9,212
Total Income	37,268	38,440	1,172

House Sales

Council house sales totalled £2.182 million from the sale of 54 properties.

Borrowing

Borrowing of £18.775 million is required for 2011/12. This figure is lower than previously reported due to the council receiving £9.212 million of new build funding from the Scottish Government earlier than anticipated.

CFCR

CFCR is £294,000 higher than budget as a result of loans charges savings within the Housing Revenue Account. It is lower than previously reported due to increased reactive repairs costs on the HRA.

Government Funding

West Lothian Council had applied successfully for funding for Phases 1 and 2 of the new build programme and was awarded £11.085 million. This money was not expected to be received until the completion of the first two phases, however the Scottish Government notified the council in march of its' intention to pay £9.212 million prior to 31 March. This reduces the level of borrowing required in 2011/12 and will reduce borrowing costs to the Revenue Account in 2012/13.

4. Strategic Issues

The Prudential Code requires the council to take account of a number of factors when agreeing capital spending plans and these are set out below.

Stewardship of Assets

The stock condition survey undertaken by independent consultants identified the extent of the work required to ensure the council's houses comply with or exceed the SHQS by 2015. The ten-year investment strategy, approved by Committee in

April 2005, and subsequently revised and updated in December 2008, was linked to the outcome of this survey and has been an important step in integrating the capital planning process with the management of the council's housing stock. In addition to the stock survey, the council also has in place a Corporate Asset Management Plan and a capital planning and option appraisal framework.

Practicality and Risk Management

Ongoing monitoring and control arrangements are in place to ensure that officers remain focused on delivery of the capital programme within approved budgets and timescales. There is however a number of risks that needs to be managed including the risk of delays in the New Build programme as well as the risks around falling house sales numbers.

Value for Money and Best Value

All aspects of the programme are geared to securing value for money and best value and a mix of internal and external provision is being utilised depending on the nature of the work required. Procurement and tendering processes continue to be undertaken in line with the council's standing orders and Best Value framework.

Affordability, Prudence and Sustainability

Following consultation with the Head of Finance and Estates, I would assess that the revised capital investment plan remains affordable, subject to risks being managed. Such risks include the phasing of spend, particularly with new build. I can advise that the revenue implications of approved capital spending plans are fully incorporated within agreed revenue budgets. The loan charges projections are monitored on a regular basis and these continue to indicate that spending plans are prudent, affordable and sustainable over a longer period.

E. CONCLUSION

Despite an under spend in new build, there was accelerated spend of £1.172 million in the housing capital programme as a whole, due to additional SHQS work and accelerated painting and fencing works. Early receipt of Government funding for new build council housing has resulted in lower borrowing than anticipated.

Appendices/Attachments: One – Out-turn – Analysis of Expenditure

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DEPUTE CHIEF EXECUTIVE

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