

To : HOUSING AND TECHNICAL SERVICES (CAPITAL PROGRAMME & REPAIRS) SUB-COMMITTEE		Subject : COMPOSITE CAPITAL PROGRAMME 2004/2005: NON HRA HOUSING
From : DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date 16 February 2005	Ref : TMcK/TMcM/AMcS	

1. Introduction

- 1.1 The purpose of this report is to provide a summary of the financial performance of the Non-HRA Housing Capital Programme for 2004/2005 and to review spending plans as necessary. The report includes information on current expenditure up to and including 4 February 2005 and provides a projected final expenditure position at the year-end. Supporting explanations are given for significant movements.

2. Current financial position of the programme

2.1 Summary of Financial Position

The current capital expenditure position for the Non-HRA Housing programme can be summarised as follows:-

Table 1. (£)

<u>Capital Schemes</u>	<u>Annual Approved Programme 2004-05</u>	<u>Current Expenditure to 4-2-2005</u>	<u>Committed Expenditure to 4-2-2005</u>	<u>Projected Expenditure to 31-3-2005</u>	<u>Projected Year-end Variance</u>
Grants	3,496,000	1,659,000	3,104,000	3,160,000	336,000
HAAs	42,000	0	6,000	6,000	36,000
Other	1,069,000	390,000	1,011,000	1,076,000	-7,000
Investment Programme					
Total	4,607,000	2,049,000	4,121,000	4,242,000	365,000

A comprehensive analysis containing information on individual projects is contained in Appendix 1.

2.2 Annual Approved Programme 2004/2005

The resources available for this programme were reported to Committee on 27 May 2004 in the sum of £3,952,000. This comprised the baseline element of Private Sector Housing Grant of £1,981,000 and the bid element of Private Sector Housing Grant of £1,454,000. This was supplemented by the contribution from the Composite Services Capital Programme resources of £517,000.

This was further modified to account for acceleration of £269,000 from this year into 2003/04 and acceleration of £500,000 from 2005/06 into 2004/05.

The Council was successful in obtaining an allocation of £31,000 from the Warm Deal Programme, to tackle fuel poverty in the private sector. This is being used to continue the provision of grants to low-income owner-occupiers with disabilities or major chronic ill health, who require the provision of central heating but do not qualify for the Executive's central heating programme for pensioners.

The programme's resources were increased further through Capital from Current Revenue (CFCR), as the £50,000 for Disabled Adaptation "Top-up" grant has been transferred from Non-HRA Revenue to Non-HRA capital for ease of management.

A bid to Communities Scotland for additional Private Sector Housing Grant (PSHG) for the current year was successful, and the Council was allocated a further £343,000. Of this, £36,000 is for an additional contribution to the University of Strathclyde's Asthma Research Project, and £307,000 is for priority types of Improvement /Repairs Grants. As this funding was not confirmed until 26 November 2004, it will not be possible to secure take-up of additional Improvement/Repairs Grants by 31 March 2005, and accordingly there will be slippage of around £307,000 of the composite programme resources into 2005/06. This will be very useful as the resources currently available for 2005/06, currently estimated at £3,950,000 including this slippage, are less than this year and are significantly short of what is needed to fund all priority projects.

The budget for the year totals £4,607,000, calculated as follows:

PSHG "baseline"	£1,981,000
PSHG "bid" projects	£1,454,000
PSHG additional projects	£343,000
Composite Services resources	£517,000
Accelerated into 2003/04	- £269,000
Accelerated from 2005/06	£500,000
Warm Deal funding	£31,000
CFCR (Adaptation Top-ups)	£50,000
	£4,607,000

2.3 Current Expenditure to 4 February 2005

A total of £2,049,000 in expenditure payments was incurred up to 4 February 2005. This represents approximately 44% of the annual budget.

2.4 Committed Expenditure to 4 February 2005

Committed expenditure to 4 February 2005 was £4,121,000, 89% of the programme. A large number of grants are committed, and are expected to incur expenditure during February and March 2005.

2.5 Projected Expenditure to 31 March 2005 and Major Variance Explanations

Aside from the intimation of £343,000 additional PSHG, projections indicate that there may be an underspend of some £58,000 in relation to the previous programme total. Steps are being taken, however, to accelerate expenditure from 2005/06 to reduce this. Together with the expected slippage of £307,000 due to the late additional PSHG, as discussed in paragraph 2.2 above, a total underspend of £365,000 is currently projected.

Underspends of £73,000 and £79,000 are projected in the Grants-BTS Houses and Grants-Elderly Owners categories respectively. These are due primarily to the current contracting climate in which house owners are finding it increasingly difficult to obtain estimates from contractors, and once appointed, contractors are not able to start work quickly due to full order books. Grant approvals in these categories are over-committed against budgets by 31% and 18% respectively due to the time delay in work actually commencing, with resulting carry-forward of legally committed expenditure into 2005/06.

An underspend of £191,000 is projected in the Grants-Disabled Adaptations category, but this is due largely to the additional resources from Private Sector Housing Grant added to the budget in late November 2004. Grant approvals are currently over-committed against the previous budget by 26%. The extra resources have allowed the Department to re-commence processing applications with a priority score (assessed by the Occupational Therapist) between 20 and 25, with a view to an increased level of expenditure in this category in 2005/06. The underspend in 2004/05 is partly offset by a slight overspend on the related category of Disabled Adaptations Top-ups.

A projected £70,000 underspend on Grants to owners in Cumbernauld Housing Partnership projects (low rise) is due to delay in a start on the main Glenacre Road common works project. This is partly offset by accelerated expenditure of £34,000 in the high-rise blocks due to an earlier start of Phase 4 of the lift replacement programme.

Further delay in completion of the private project at East Burnside Street within the Kilsyth Town Centre Housing Action Area will result in an underspend of £36,000, carried forward to 2005/06.

3. Discussion

- 3.1 In summary, the situation is one where there are ongoing movements in the requirement for funds in the various categories, but the overall position is that restrictions have to be placed on grant approvals in certain categories to ensure that the expenditure on the non-HRA programme in total in 2004/05 and 2005/06 is within budget. Approvals remain suspended in the Other Discretionary Grants (except for grant applications received prior to 1 April 2000), and Owners Adjoining Council Projects categories.
- 3.2 Applications in the Other Discretionary Grants category are held on the general waiting list, and I am having to advise applicants that there is not expected to be any budget provision for this category in the foreseeable future, but that their application will be held on file meantime. There has recently, however, been a comprehensive review of the applications held in the Other Discretionary Grants category, and any applications that can now be prioritised are being processed.

4. Financial Concurrence

The Director of Finance concurs with the financial information contained in this report and has been fully involved in its preparation.

5. Recommendations

The Committee is asked to

- a) note the financial position of the Non-HRA housing capital programme as at 4 February 2005.
- b) note that the programme is closely monitored each month and that progress is reported to the Capital Programme and Repairs Sub-Committee.

6. Background Information

Background information is available within the Housing and Property Services Department



Thomas McKenzie
Director of Housing and Property Services

APPENDIX 1

Non-HRA Housing Capital Expenditure 2004/2005

Monitoring Report Period 11 2004/2005

		£'000				
Cost Centre (NX)		Budget	Spent to 04/02/2005	Commitment to 04/02/2005	Projected Expenditure to 31/03/2005	Projected Variance
	Improvement/Repair Grants					
41	BTS Houses	232	118	159	159	73
42	Disabled Adaptations	1035	622	844	844	191
50	Disabled Adaptations Top-ups	150	115	170	170	-20
43	Owners in Council projects	850	312	870	870	-20
44	Other Discretionary Grants	15	1	20	20	-5
45	Lead Pipe	28	10	15	16	12
46	Elderly owners	730	481	651	651	79
1	HMO's	10	0	0	0	10
2	Owners in CHP projects (high rise)	241	0	275	275	-34
3	Owners in CHP projects (low rise)	80	0	5	10	70
4	Owners in other RSLs' projects	100	0	95	95	5
5	BTS Houses (Hill Street, Wishaw)	25	0	0	50	-25
	<i>Sub-Total</i>	3496	1659	3104	3160	336
	Housing Action Areas					
201	Kilsyth ph3 - private	42	0	6	6	36
	<i>Sub-Total</i>	42	0	6	6	36
	Other expenditure					
100	Care & Repair Project (admin)	67	68	68	68	-1
101	Environmental Improvements	200	0	150	203	-3
102	Lending	0	0	0	0	0
103	Fees and Administration	270	-2	263	263	7
106	Energy Conservation	4	0	4	4	0
110	EST flats project	15	14	18	27	-12
111	CHOA sinking fund	300	300	300	300	0
112	Asthma Research Project	72	0	72	72	0
113	Ainslie Road/Madehose Road	110	0	110	110	0
118	Central Heating grants	31	10	26	29	2
	<i>Sub-Total</i>	1069	390	1011	1076	-7
	Total	4607	2049	4121	4242	365