



## REPORT OF THE CABINET

### **HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME 2013/14 to 2014/15 – ELEMENTS OF 2013/14 PROGRAMME FOR APPROVAL IN ADVANCE OF FULL PROGRAMME**

The report before Cabinet sought approval of certain key elements of the 2013/14 Housing Revenue Account (HRA) capital programme in advance of recommendations on the full programme which would be brought to Cabinet later in the financial year together with the proposed HRA revenue budget for 2013/14.

Early approval of resources for particular elements of the Decent Homes programme, such as window replacements and new kitchens and bathrooms, was sought. A beneficial result of the introduction of HRA self-financing this year and confirmation of future years' Decent Homes Grant, was that the Council is in the position for the first time ever of having a clear view on future housing capital availability without having to rely on the Annual Subsidy Determination. This would typically not be available until late December.

Cabinet noted that forward planning would enable the Council to commit capital resources earlier than previously thought, thus allowing commencement of consultation and negotiation with tenants, leaseholders and contractors before the end of the financial year, ready for expenditure in the first quarter of next year. Previously, approval of the capital programme in February and March, at the earliest, resulted in a lull in capital programme delivery in the first quarter of the financial year while the necessary pre-contract consultation and negotiations were completed. This could place in-year delivery at risk.

#### **Reasons for the decision:**

The reasons for seeking approval of certain elements of the 2013/14 HRA Capital Programme now, rather than waiting for full HRA Budget report due in February 2013 were:

1. A section 20 consultation with leaseholders affected, that is the statutory right leaseholders, has to be undertaken for works for which they will be charged, could not commence until budgets have been approved. As it is governed by legislation and can have a direct impact on the choice of contractors and/or specification of works, the section 20 process must be completed prior to the letting of a contract, and can take from one to three months to complete.

The contracts to replace windows in flatted blocks and carry out more substantial works to tower blocks require a section 20 consultation. Approval of these elements of the HRA Capital Programme at this stage will allow the section 20 consultation to be completed before

the beginning of 2013/14, thus allowing work to commence in quarter 1. This overcomes the lull in works otherwise typical in quarter 1

2. Programmes that run across years, for example, kitchen and bathroom replacements, have to date had to halt at year end/year start because resource approval is only given in February / March. It is more cost-effective to let contracts for the following year before year start, although of course, expenditure would not be incurred before year start. This enables contractors to gear up for delivery in quarter 1 and/or keep operatives on-site, and can enable more cost-effective quotes as the risk of stopping the programme in the subsequent year is removed.

**Other options considered:**

1. To wait until February 2013 to seek Cabinet and Council approval of the 2013/14 HRA Capital Programme – this was rejected because capital resources in the HRA are known now and so to delay *all* elements of the Programme until February would mean that the Council would be continuing to needlessly delay expenditure within the Capital Programme until the second quarter of the next financial year as it has had to do until now.
2. To seek approval now of the *entire* 2013/14 HRA Capital Programme – this was rejected because although there is greater certainty about capital resources for next year, the exact allocation across all the competing priorities within the HRA would be best achieved by aligning the final full programme with the HRA budget setting process. Put simply, the time and financial efficiencies of earlier than usual approval of the programme only applies to those elements considered in this report.

**The Cabinet RECOMMENDS to Council that the following allocation of capital resources within the HRA Capital Programme for 2013/14:**

	<b>£'000s in 2013/14</b>
Kitchens	7,900
Windows	1,600
Bathrooms	1,365
Non-traditional houses	1,467
Tower block refurbishment (for New Plymouth and Napier Houses)	600
Tower block works beyond Decent Homes (for New Plymouth and Napier)	900

**Council, 29 January 2013**

<i>Houses)</i>	
Planned preventative maintenance	1,500
Total	15,332