

<b>DECISION-MAKER:</b>	COUNCIL		
<b>SUBJECT:</b>	HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2014/15 – 2018/19		
<b>DATE OF DECISION:</b>	17 SEPTEMBER 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>			
None			

### **BRIEF SUMMARY**

Southampton City Council is committed to shaping its capital programme to meet tenants' aspirations and to provide the best possible social housing for the community.

This report updates the Housing Revenue Account (HRA) Capital Programme that was approved in February 2014 and then amended in July 2014 to reflect the actual level of spend in 2013/14. The size of the HRA Capital Programme largely depends on the forecast level of available resources.

The detailed spending plans reflect the priorities set out in the HRA Business Plan and have been discussed with tenants' representatives.

### **RECOMMENDATIONS:**

- (i) To approve the revised Housing Revenue Account (HRA) Capital Programme set out in Appendix 1.
- (ii) To approve the use of resources to fund the HRA Capital Programme as shown in Appendix 3.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The update of the HRA Capital Programme is undertaken twice a year in accordance with the Council's policy.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The proposals in this report follow the principles established in the budget report approved by Council in February 2014, which were consistent with the views of tenant representatives. The update of the HRA Capital Programme must be undertaken within the resource constraints imposed upon it and alternative options are not therefore supported.

## **DETAIL (Including consultation carried out)**

### **Background**

3. This report compares the overall size and phasing of the HRA Capital Programme that was approved at Council in February 2014 with that now being presented to Council. It also draws attention to any changes in resources that impact on spending plans. The full programme is attached at Appendix 1.

### **Consultation**

4. The HRA Capital Programme is based on the priorities in the HRA Business Plan. The capital programme element of the Business Plan has been discussed with tenant representatives and was agreed with residents at the Winter Conference in January 2014. This update report will be taken to the Tenants Resource Group for information.

### **Overall position**

5. The report to Council in February 2014 noted that there was a balanced programme, with expenditure plans matching with forecast resources. There was no material change to this position when the outturn for 2013/14 was presented to Council in July.

### **Changes to spending plans**

6. The programme presented to Council in February 2014 has been revised taking into account the latest cost and phasing of schemes and the forecast change in resources described later in the report.
7. The proposed September update totals £229,583,000. This can be compared to the previous February update total of £226,830,000 resulting in an increase of £2,753,000 which represents a percentage variance of 1.0 %. The largest item amongst the changes relates to the proposed allocation to the Thornhill District Energy scheme. This amendment is due to alterations triggered by changes to the Energy Companies' Obligation.
8. The proposed HRA programme is shown in detail at Appendix 1. The changes in the overall programme are summarised by year in the table in Appendix 2. The main changes in total scheme spending and the significant changes in spending between years are also set out in Appendix 2.

## **Capital Resources**

9. The resources which are available to fund the HRA Capital Programme comprise:
  - Unsupported Borrowing
  - Usable Capital Receipts
  - Grants and Contributions from third parties
  - Direct Revenue Financing (DRF)/Depreciation provision
  
10. Appendix 3 contains an explanation of these terms and a forecast of the resources available. The combined DRF and depreciation contribution to the funding of capital expenditure was increased in 2013/14. This use of additional revenue funding, along with slippage in capital expenditure, meant that no borrowing was required last year.
  
11. As was reported to Council in the July 2014 HRA outturn report, the funding changes in 2013/14 were mainly due to timing issues. The HRA business plan assumes that part of the annual revenue income will be used to fund capital expenditure. The level of this revenue funding was increased in 2013/14, which means that there are more capital receipts available to fund the future HRA Programme. In overall terms, there is no material change in the resources needed to fund the Programme.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

12. Contained in the detail of the report.

### **Property/Other**

13. The proposals within this report are consistent with the Council's strategy for maintaining its housing stock.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

14. The provision, maintenance and improvement of social housing by local authorities is authorised by various Housing Acts and other legislation.

### **Other Legal Implications:**

15. None.

## **POLICY FRAMEWORK IMPLICATIONS**

16. The HRA Capital Programme forms part of the Council's overall Budget and is therefore a key part of the Council's Budget and Policy Framework

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

1.	HRA Capital Programme 2014/15 to 2018/19.
2.	Key Variances & Issues – September 2014 programme update
3.	Forecast of HRA capital resources and explanation of terms.

**Documents In Members' Rooms**

1.	None.
2.	

**Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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**Other Background Documents**

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None.	
2.		