

Report

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Report to:	Housing and Technical Resources Committee (Special)
Date of Meeting:	10 February 2011
Report by:	Executive Director (Housing and Technical Resources) Chief Executive

Subject:	Housing Revenue and Capital Account Budget 2011/2012
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ outline the revenue estimate proposals for the Housing Revenue Account (HRA) for 2011/2012
- ◆ request approval for the Housing Capital Programme totalling £38.532m

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the revenue estimate proposals for the HRA as set out below, be approved, and the proposed rent increase of 4.00% be applied to all Council houses, travelling person sites and lock-ups. (This increase equates to an average council house rent rise of £2.15 per week).
- (2) that the next stage of rent harmonisation be progressed, ensuring no one pays more than £8 above their harmonised rent and those paying more than £10 below their harmonised rent pay an additional £1 per week.
- (3) that the factoring fee be increased from £14.75 per quarter to £19.38 per quarter.
- (4) that, based on this rent increase, the 2011/2012 housing capital programme of £38.532m be approved, as detailed at Appendix 2.
- (5) that the recommendations contained within this report be referred to the Executive Committee for approval.

3. Background

3.1. The Housing Revenue Account budget submission, outlined in Appendix 1, has been prepared in line with the 30 year Business Plan which was developed and approved for the retention of the housing stock.

3.2. The Plan has been updated to reflect the level of investment required to meet the Scottish Quality Housing Standard (SHQS) by 2015, following a further recent stock condition survey undertaken by Savills. The revised estimate is that 65% of South Lanarkshire's housing stock will meet the SHQS standard by the start of 2011/2012. (with 90% meeting the Modern Facilities and Services standard). Significant investment is required to undertake the work on the remaining stock to meet SHQS by 2015 including completing the programme of kitchen and bathroom renewals by 2012. A capital programme of £38.532m in 2011/2012 is proposed, requiring a rent

rise of 4.00%. This equates to an average rise of £2.15 per week on the current average weekly rent of £53.86.

- 3.4 In line with the Housing Business Plan, savings of £0.971m have been included within these budget proposals. The savings will be achieved through a variety of measures including national diagnostic and structure savings of £0.751m.
- 3.5 As part of the Council's commitment to rent harmonisation, it is proposed that the next step of rent harmonisation is progressed. The proposals are that all rents will be inflated by the 4.00% increase with those paying more than £8 above the harmonised rent being reduced to no more than £8.00 above, and those paying more than £10 below the harmonised rent will be increased by £1.00. This will benefit those Council tenants who currently pay significantly more than the harmonised rent resulting in no tenant paying more than £8.00 above the harmonised rent.
- 3.6 A review of the charges levelled to residents who receive the Council's Factoring Service has concluded that the charges do not cover the costs incurred and, as such, the Council would wish to increase these charges to ensure full cost recovery. To cover the costs, charges would require to be increased from £14.75 to £24 per quarter over a 2 year period with an increase to £19.38 per quarter in 2011/2012 and to £24 per quarter in 2012/2013. It should be noted that the factoring charge proposed by the Council is still well below those charged by private factors and residents continue to have the opportunity to nominate their own factor if they wish.
- 3.7 The movement from the 2010/2011 revenue budget is detailed in Appendix 1.

4. Estimated Surplus

- 4.1. The budget for 2011/2012 is designed for a surplus position of £0.090m in the Housing Revenue Account at the end of that financial year.

5. Housing Revenue Account – Capital Programme Resource Estimates

5.1 Basis of Submission

The 2011/2012 capital programme is compiled in line with the 30 year Business Plan which was outlined for the retention of the housing stock. This will see investment of £38.532m and reflects the level of investment identified by successive stock condition surveys. The detailed programme is included at Appendix 2.

5.2 Proposed Funding

Total resources available are as follows:-

Borrowing	£19.922million
CFCR	£13.155million
Capital Receipts	£ 5.455million
Total Resources	£38.532million

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed above.

8. Other Implications

8.1. The risks associated with this report are in relation to the Council's ability to collect rents and charges following the increases. These risks have been assessed and added to the Resource risk register.

8.2. There are no implications in relation to sustainability.

9. Equalities Impact Assessment and Consultation Arrangements

9.1. An equalities impact assessment has been undertaken on all savings proposed within this report.

9.2. In line with previous practice, extensive consultation has taken place with tenants on the proposals for rent setting for 2011/12. Indeed, taking on board feedback from last year's consultation, this year consultation was commenced at an earlier point.

9.3. The key features of the consultation which has taken place over the past 9 months have been:-

- Articles in Housing News
- Tenants' Conference in September
- Extended meetings of the local housing forums during October, November and December
- Tenant Question Time event in January

9.4. A range of views has been expressed during the consultation including:-

- Tenants noted that any rent increase would have a significant impact upon household budgets in light of the prevailing financial climate
- Tenants were particularly concerned that the HomeHappening Programme should be maintained as planned, with no reduction in standards and completed on target. If a rent increase of 4% was necessary to achieve this, tenants would, in the main, be willing to support this.
- Views were expressed at the Tenants' Budget Scrutiny Forum, Tenants' Conference, Question Time event and at various local forums that tenants wished to see the Rent Harmonisation Policy accelerated in advance of the previously agreed timescale of 2014.

Lindsay Freeland

Executive Director (Housing and Technical Resources)

Archibald Strang

Chief Executive

2 February 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Improve the Quality, Access and Availability of Housing

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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**SOUTH LANARKSHIRE COUNCIL
HOUSING REVENUE ACCOUNT
REVENUE ESTIMATES YEAR 2011-2012**

2010-2011 £m		2011-2012 £m	Movement £m
	<u>Income</u>		
70.808	House Rents	73.214	2.406
2.043	Other Rents	2.125	0.082
0.074	Interest	0.074	0.000
11.046	Other Income	11.503	0.457
83.971	Total Income	86.916	2.945
	<u>Expenditure</u>		
29.674	Supervision and Management	28.973	0.701
31.141	Housing Repairs etc.	31.138	0.003
1.484	Void Rents	1.820	0.336
12.133	Financing Costs Loan Charges	13.878	1.745
9.727	Contribution to Capital Programme	13.155	3.428
84.159	Total Expenditure	88.964	4.805
-0.188	-Surplus Used/+ Generated	-2.048	-1.860
0.188	Surplus brought forward	2.138	+1.950
0.000	Surplus carrying forward	0.090	+0.090

**SOUTH LANARKSHIRE COUNCIL
HOUSING CAPITAL ESTIMATES YEAR 2011-2012**

Area	Project Description	Project Title	Anticipated Installations	Final 2010/11 Budget
Kitchen & Bathrooms				
SLC	Kitchens & Bathrooms		1356	£14,033,000
Kitchen & Bathrooms Sub Total				£14,033,000
Heating Replacements				
SLC	Heating System Replacement	CESP Funded Area's	1190	£5,504,000
East Kilbride	Heating System Replacement	St Leonards XI		£750,000
Heating Replacements Sub Total				£6,254,000
External Works				
SLC	External Fabrics	Various Blocks	41	£1,500,000
External Fabric Projects Sub Total				£1,500,000
Environmental Works				
Cambuslang	Environmental Improvements	Overton		£100,000
SLC Wide	Upgrading Works/Environmental Improvements	Various Areas		£250,000
Larkhall	Upgrading Works/Environmental Improvements	Eddlewood		£75,000
Cambuslang	Environmental Improvements	Central Cambuslang		£100,000
Environmental Works Projects Sub Total				£525,000
Miscellaneous Projects				
Rutherglen	Refurbishment Works	Greenhill Court Phase 2		£1,350,000
Lanark	Refurbishment Works	Coalburn Phase 2		£1,000,000
Cambuslang	Refurbishment Works	Woodlands Crescent Phase 2		£250,000
Hamilton	Structural Repairs	Almada Tower/Wyler Tower		£200,000
SLC Wide	Refurbishment Works	Various Sheltered Housing Schemes		£250,000
SLC Wide	Doors & Windows	Various		£2,019,000
SLC Wide	Legislative Compliance Works	SLC Wide		£1,750,000
SLC Wide	DDA Compliance	SLC Wide		£150,000
Cambuslang	Lift Upgrading	2 Blocks		£350,000
Miscellaneous Projects Sub Total				£7,319,000
General Council Wide Investment				
Ruth/Camb	Area Regeneration	Fernhill/Cairns		£1,366,000
SLC Wide	New Build Housing			£4,000,000
Ruth/Camb	Sheltered Housing	New Builds Phase 1		£1,035,000
SLC Wide	Decoration Allowances and Home Insulation			£750,000
SLC Wide	Capitalised Disabled Adaptations			£150,000
SLC Wide	Contingency & Carry Forward Allowance			£1,050,000
SLC Wide	HRA Office Alterations/ DDA Alterations			£150,000
SLC Wide	Mortgage To Rent Allocation			£400,000
General Council Wide Investment Sub Total				£8,901,000
Total housing investment proposed for 2010/11				£38,532,000