

LONDON BOROUGH OF HARROW

Agenda item:

Page no:

Meeting:	Cabinet
Date:	20 May 2003
Subject:	Capital Programme 2003-04 – Detailed and Further Allocations
Key Decision:	No
Responsible Chief Officer:	Interim Director of Finance
Relevant Portfolio Holder:	Finance and Human Resources
Status:	Part 1
Ward:	Various
Enclosures:	Appendix A – Block E Housing Capital Allocation £1.2M – Proposed Schemes for inclusion

1. Summary

1.1 This report sets out proposals for the allocation of funds to new capital schemes as requested by Cabinet at its meeting on 14 February 2003. It sets out proposals to allocate block sums agreed for Housing (£1.5m). It also updates Cabinet on the latest projections for unallocated capital resources and proposes that essential works at Haslam House are funded from these unallocated resources and that the remainder of the unallocated capital resources be retained pending a systemised exercise to identify and prioritise capital bids and finalise the capital receipts position.

	£
• Unallocated Resources Available	1,836,000
• Social Services Haslam House	<u>65,000</u>
• Remaining Unallocated Resources	<u>1,771,000</u>

2. Recommendations

The Cabinet is asked to:

- i) approve the addition of £300,000 to Block B (Annual Rolling Programmes) for adaptations to Council's own housing stock and an equal reduction in Block E allocated to Housing;
- ii) approve the allocation of the resources of £1.2m for Housing purposes as set out in Appendix A;
- iii) approve the essential works at Haslam House in the sum of £65,000 but to defer any further addition to the capital programme until capital receipts are secured
- iv) request officers to produce a reserve list of prioritised schemes to be drawn down when the capital receipts are secured

Reason

To enable management of the Capital Programme to progress and for new projects to commence.

3. Consultation with Ward Councillors

3.1 Not applicable

4. Policy Context (including Relevant Previous Decisions)

4.1 The Cabinet at its meeting on 14 February 2003 adopted a new approach to the allocation of capital resources based on 5 expenditure blocks and made allocations totalling £10.25m to these blocks as follows:

	£000	£000
Block A		
Capitalised Expenditure		
Highways	1,133	
Schools' Repairs	640	
Flood Prevention	145	
Traffic Management	60	1,978
Block B		
Annual Rolling Programmes		
High Priority Maintenance Works	1,260	
Adaptations to Homes of the Disabled	300	
Disability Discrimination Act Works	350	
Improvement Grants	1,340	
Health and Safety Works	250	3,500
Block C		
New Harrow Project Schemes		1,200

Highways Infrastructure
Parks Infrastructure
To be the subject of further detailed submissions to Members

Block D

Asset Management Plan Projects

Haslam House	50	
Hillview Nursery	200	
Wealdstone Regeneration	400	
ICT Investment	725	
Headstone Manor	250	
Office space adaptations	400	
Street Lighting Condition Survey	45	2,070

Block E

Specific Funding

Allocated to Housing Purposes		1,500
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Total **10,248**

4.2 The Cabinet agreed to receive detailed proposals for the allocation of the block sums for the New Harrow Project (£1.2 million) and for Housing (£1.5 million).

4.3 £1.6m of unallocated resources was identified which it was proposed be retained to allow for Asset Management Plan developments, unforeseen capital demands or opportunities arising.

5. Relevance to Corporate Priorities

5.1 All

6. Background Information

Block B: Annual Rolling Programmes

6.1 In determining the level of Block B (Annual Rolling Programmes), a total provision of £600,000 should have been made for adaptations - £300,000 to the private sector stock and £300,000 to the Council's own stock. Provision of only £300,000 was reported and although intended to be for the Private Sector was described in the report as for Council stock. No allowance has, therefore, been made for the work to the Council's stock.

6.2 The Cabinet is requested to approve an increase of £300,000 in the allocation to Block B with a corresponding reduction in the Housing Allocation in Block E to establish a correct base position for the Annual Rolling Programmes for future years.

Block C : New Harrow Project Schemes

6.3 The capital requirements of these schemes will need to be determined as part of the decision about which areas to roll out next following the evaluation of the pilot South Harrow area. It is, therefore, proposed that the detailed programme for the NHP

Block be agreed as part of the report to the Cabinet of any potential extension of the Clean and Green project.

Block E : Housing Schemes

6.4 The Cabinet agreed that there should be an element in Block E specifically ring fenced to Housing projects, as much of the Single Capital Pot is housing related. An allocation of £1.5m was made to Housing on this basis. If the Cabinet agree to supplement Block B as reported above this will be reduced to £1.2m.

6.5 The proposals for allocating these monies is summarised below and detailed in Appendix A.

	£
Disabled Facilities top-up	114,000
Vernon Lodge - Planned Maintenance	20,000
Empty Property Grants	250,000
Free Phone Energy Advice Line	16,000
New Provision	<u>800,000</u>
Total	1,200,000

6.6 The Cabinet in March agreed a capital programme for work to the Housing stock of £5.53m including savings of £312,000 from 2002-2003, to be funded from the ring fenced Major Repairs Allowance and Revenue Contributions. In addition a sum of £1.34m was included in Block B – Annual Rolling Programmes (for Improvement Grants) which will be increased by £300,000 if the changes set out in paragraph 6.1 are approved.

General Unallocated

6.7. The report in February 2003 identified unallocated resources of £1.6m, which it was proposed should be retained to allow for Asset Management Plan developments, unforeseen capital demands or opportunities arising. Cabinet received a report in January 2003 advising that there was a reduction of £236,000 in the capital provision required for “Clean and Green” works in the South Harrow pilot area in 2002-2003. Therefore, these resources can be added to the resources available in 2003-04, making a revised total of £1.836m of unallocated capital resources.

6.8. The total level of available unallocated resources anticipates receipts of £4.9m from asset disposals. However, as some of these receipts have not yet been secured, it would be prudent to retain the bulk of the unallocated resources until such time as the receipts are secured.

6.9 There is, however, one essential and urgent scheme which is not included in the approved Capital Programme.

Phase 2 works are required to Haslam House to meet Minimum Standards under the Care Standards Act. Following the inspection visit of the Care Standards Agency these works are deemed essential and if not undertaken on a planned basis within the next 12 months will result in the withdrawal of registration and immediate closure. The total cost of the works is £155,000, but it is anticipated that £40,000 will be funded by a charitable donation and £50,000 from the provision for Health and Safety Works. It is therefore proposed that the remaining £65,000 for the scheme be approved from the unallocated capital resources, reducing these to £1.771m

- 6.10 No systemised approach currently exists to collate and prioritise bids for the unallocated capital resources. The Cabinet may consider it appropriate to instigate a bidding process (as an early start to a three year capital investment programme and updating the Asset Management Plan) open to the full range of Council services. This will produce a 'reserve list' of prioritised schemes to be drawn down when resources become available during the year.

7. Consultation

- 7.1 None required

8. Finance Observations

- 8.1 This is a report from the Interim Director of Finance and deals with financial matters throughout.

9. Legal Observations

- 9.1 The Haslam House works are essential to meet registration imposed by law.

10. Conclusion

- 10.1 This report identifies the proposed allocation of the Housing Capital Block (Block E) and updates the position on unallocated capital resources, pending receipts being secured. The Cabinet is recommended to agree that a reserve list of schemes based on a prioritised scoring system be drawn up and that the essential works at Haslam House be added to the programme.

11. Background papers

Cabinet 14 February 2003

12. Author

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Block E Housing Capital Allocation £1.2M – Proposed Schemes for inclusion

Disabled Facilities Grant top-up: Budget required - £114k

To top up the existing DFG allocation following a lower than anticipated Supplementary Credit Approval award.

Vernon Lodge Planned Maintenance: Budget required - £20k

Vernon Lodge is a hostel providing temporary accommodation for homeless families. The hostel is a key resource that enables the Council to meet its Bed and Breakfast reduction targets that are set by central government. The Council owns the property and it is leased to a housing association who manages it. Under the terms of the Lease, the Council retains responsibility for major repairs and the £20k budget is required to meet the anticipated annual major repair costs for which the Council is liable.

Freephone Energy Advice line: Budget required - £16k

The Advice Line provides free advice to any borough resident on ways to improve energy efficiency in the home, including advice about grants that may be available. It contributes to the targets to improve energy efficiency in the borough as required under the Home Energy Conservation Act 1995 and against which the Council is monitored annually by the government.

Empty Property Grants: Budget required - £250k

The Council's Empty Property Strategy is recognised by the Empty Homes Agency and the government as an example of good practice and to date in excess of 600 empty properties have been returned to use. The Empty Property Strategy fulfils wider strategic housing objectives to increase the supply of affordable housing for all priority groups and improve the condition of the private sector stock.

A major cause of properties remaining empty is the lack of capital available to owners to carry out necessary refurbishment work and also a lack of experience/knowledge in dealing with contractors and a reluctance to issue a tenancy direct. It is therefore proposed to offer Empty Property Grants for properties that have been empty for more than 6 months. The Grants can be offered at different levels on a sliding scale with payback in terms of nomination rights and capital payback varying according to the levels of funding provided. Grant funding of up to £5,000 would result in a leasing arrangement through a housing association, providing the Council with 100% nomination rights for 3 years. Higher levels of grant funding would offer longer lease terms of up to 15 years to which the Council would have 100% nomination rights.

Through the availability of nomination rights, this scheme will also contribute to the Bed and Breakfast reduction targets as required by the government for which there will be direct savings to the General Fund. By returning empty properties to use there will also be a direct increase in revenue collected through Council tax being charged at 100% as opposed to the discounted rate for empty homes.

Increased Affordable Housing Provision: Budget required - £800k

A key objective of the Council's Housing Strategy is to maximise the supply of affordable housing to meet priority housing need. Local authorities are able to fund Housing Associations direct to acquire, build or refurbish property for affordable housing in return for nomination rights. This is cost effective to the local authority since housing associations are able to raise private finance to contribute an average of 40% of the total capital costs of a scheme.

In the past the council has provided funding to refurbish long term empty properties, acquire properties on the open market (known as Purchase and Repair scheme) and also small new build schemes. There are a number of opportunities currently being assessed including:

- a small purchase and repair scheme as there is no Housing Corporation funding for such schemes in 2003-04. These deliver rehousing opportunities more quickly than new build schemes
- the refurbishment of some properties that are due to be returned to the Council under a leasing arrangement with a housing association. These properties have been used as temporary accommodation but could be refurbished as permanent housing.

In the past schemes such as the House Purchase Grant scheme have also provided opportunities to existing tenants to purchase a property on the open market thereby releasing a property for reletting to homeless families. Funding has not been available for such schemes in 2002-03 and given the rise in house prices, a review of the scheme is necessary to see if it is still effective.

It is proposed that £800k of the capital allocation for housing is set aside to increase the provision of affordable housing through one (or a combination) of the schemes outlined above. This will enable the rehousing of families in high priority housing need, a significant proportion of whom will be in temporary accommodation at a cost to the General Fund homelessness budget.

