

HIGHLAND COUNCIL

Agenda Item	5.
Report No	CC/17/18

Committee: Caithness Committee

Date: 20 November 2018

Report Title: Housing Revenue Account Capital Programme 2019-2021

Report By: Director of Community Services

1. Purpose/Executive Summary

1.1 This report contains details of the level of HRA capital resources for Caithness for the 2019-2021 mainstream capital programme based on the 5-year capital plan, and the proposed programme of works in 2019/20 and 2020/21.

2. Recommendations

2.1 Members are invited to:

- I. **note** the allocation of resources to Caithness Area as set out in **Appendix 1**;
- II. **note** the investment priorities as set out in section 4.2 of the report;
- III. **agree** the proposed two year HRA Capital Programme for Caithness for 2019-21 as set out in **Appendix 2**; and
- IV. **note** that updates on the Housing Revenue Account Capital Programme will continue to be provided through ward briefings and at Local Committees as requested by local Members, in addition to reporting to the Environment, Development and Infrastructure Committee.

3. Background

- 3.1 The Community Services Committee on 20 August 2015 approved the framework for the Housing Revenue Account (HRA) Capital Programme for 2016-2021. This report highlights the resource allocations for Caithness for 2019 to 2021 as approved in the above noted report, and details the proposed HRA Capital Programme for 2019 to 2021.
- 3.2 This report relates to the mainstream HRA Capital Programme for 2019-2021. New build housing is reported separately to Environment, Development & Infrastructure Committee.

4. HRA Capital Plan 2016-2021

- 4.1 The Council's Annual Return of the Scottish Social Housing Charter to 31 March 2016 reported that the Council had reached compliance with the Scottish Housing Quality Standard (SHQS). Since 2007, the HRA programme had been focussed on achieving the SHQS.
- 4.2 As approved at Committee on 20 August 2015, the priority for future investment is based on a number of post-SHQS Capital Plan principles:
- a life-cycle based approach to major component replacement, which targets replacement of kitchens, bathrooms, windows and doors based on the last installation date recorded on the Housing Information System, adjusted through area knowledge on other relevant stock condition information;
 - a programme of heating and energy efficiency work based on compliance where feasible with the Scottish Government's Energy Efficiency Standard for Social Housing (EESH).
 - an allowance for structural work to roofs, chimneys and external fabric of properties;
 - an allowance for environmental improvement works based on 5% of the Area's mainstream budget; and
 - continued funding of equipment and adaptations to allow disabled and elderly tenants to remain in their current tenancy. This budget is allocated as a pro-rata of housing stock in each area.
- 4.3 The starting point for HRA capital planning is to estimate a reasonable level of expenditure required given the Highland housing stock. In order to establish this as objectively as possible the Council undertook in 2015 an analysis of Highland housing stock based on a standard set of "Major Repairs Allowances" published by the UK Government Department for Communities and Local Government, adjusted for projected annual BCIS indices (contract price inflation).
- 4.4 This method provides standard investment allowances per house based on house type and construction. These allowances are based on the costs of standard life cycle replacement of major building elements.
- 4.5 The HRA Capital Plan 2016-2021 used this method to assess a level of expenditure required for our housing stock.

- 4.6 The HRA Capital Plan 2016-21 identified the following budget for the HRA Capital Programme 2019-20 and 2020-21 for Highland:

Year	Mainstream Investment	Aids and Adaptations	Total
2019/20	£13,232m	£1m	£14,232m
2020/21	£13,893m	£1m	£14,893m

- 4.7 This funding is based on a number of assumptions including estimated capital borrowing costs. Loan Charges for all borrowing used to fund HRA capital investment are funded through HRA Revenue.
- 4.8 We will continue to produce detailed revenue estimates and update projections annually, but at this stage the level of investment required appears manageable within HRA projections.
- 4.10 Funding allocations for 2019-20 and 2020-21 at a local Committee level are identified at **Appendix 1** of this report. These are based on the financial assumptions in the HRA Capital Plan 2016-2021.

5. 2019-20 and 2020-21 Programmes

- 5.1 Proposals for the 2019-20 and 2020-21 Programmes are detailed in **Appendix 2**.
- 5.2 A key feature of developing the programmes for 2019-20 and 2020-21 has been identifying individual area priorities through discussion with Members, local maintenance teams and tenants. Priorities have been identified for the Caithness area at a local level, with the projects defined within the programmes aimed at meeting the locally identified priorities, in the context of Caithness.
- 5.3 Members have been provided with specific project details and address lists in advance of Committee for discussion/comment.
- 5.4 Members will continue to be updated on progress against the current year programme, along with address lists, through future ward business meeting updates.

6. Implications

- 6.1 Resource – this is discussed in the report.
- 6.2 Legal – there are no specific legal implications arising from this report.
- 6.3 Community (Equality, Poverty and Rural) – there are no specific implications arising from this report.
- 6.4 Climate Change / Carbon Clever - continuing investment in heating and energy efficiency in council housing will help meet council objectives in relation to fuel poverty and climate change.
- 6.5 Risk - implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified to future Committee.

6.6 Gaelic - there are no implications arising as a direct result of this report.

Designation: Director of Community Services

Date: 1 Nov 2018

Author: Jonathan Henderson, Housing Investment Officer

Appendix 1

HRA Capital Programme

Area	Budget year	Mainstream Investment £	Aids and Adaptations £	Total £
Caithness	2019/20	2,050,982	150,000	2,200,982
	2020/21	2,153,438	150,000	2,303,438
Highland	2019/20	13,232,000	1,000,000	14,232,000
	2020/21	13,893,000	1,000,000	14,893,000

Appendix 2

Caithness HRA Capital Programme 2019-20			
	Number of units	Project budget	Comments
Equipment and adaptations			
Equipment and adaptations	on demand	£150,000	Works on demand following referral from OT
Major Component Replacement			
Windows and doors replacements	46	£368,000	Oldest windows and doors
Kitchen replacements	50	£250,000	Oldest kitchens/one-off replacements
Bathroom replacements	50	£250,000	Oldest bathrooms/one-off replacements
Rewiring	12	£100,000	Oldest rewires
Windows and doors replacements	on demand	£30,000	One-off replacements
Heating/energy efficiency			
Heating replacements	49	£592,000	Oldest/inefficient systems
One-off heating replacements	on demand	£230,000	One-off heating replacements
External Fabric (major component replacement)			
Roofing works Ormlie	8	£98,433	Roofing works Ormlie
External fabric works	on demand	£30,000	On demand works (harling, render, etc)
External fabric (environmental improvements)			
Environmental Improvements	on demand	£102,549	Member led budget
Overall programme total			
		£2,200,982	

Caithness HRA Capital Programme 2020-21			
	Number of units	Project budget	Comments
Equipment and adaptations			
Equipment and adaptations	on demand	£150,000	Works on demand following referral from OT
Major Component Replacement			
Windows and doors replacements	43	£344,000	Oldest windows and doors
Kitchen replacements	50	£250,000	Oldest kitchens/one-off replacements
Bathroom replacements	50	£250,000	Oldest bathrooms/one-off replacements
Rewiring	12	£100,000	Oldest rewires
Windows and doors replacements	on demand	£30,000	One-off replacements
Heating/energy efficiency			
Heating replacements	56	£680,000	Oldest/inefficient systems
One-off heating replacements	on demand	£250,000	One-off heating replacements
External Fabric (major component replacement)			
Roofing works Ormlie	9	£116,889	Roofing works Ormlie
External fabric works	on demand	£30,000	On demand works (harling, render, etc)
External fabric (environmental improvements)			
Environmental Improvements	on demand	£102,549	Member led budget
Overall programme total			
		£2,303,438	