

Agenda Item	7.
Report No	HP/09/20

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 13 August 2020

Report Title: Housing Revenue Account Capital Programme 2021-2022

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

- 1.1 Approval was granted at Community Services Committee on 25 August 2015 for a 5- year capital plan from 2016 to 2021 with funding allocations set out for each of the 5 years. Projects for the final two years of the plan (2019/20 and 2020/21) were approved by Area Committees, which have also received progress reports. It was intended that a new 5-year capital plan would be presented to the Housing and Property Committee this year. In view of the Covid-19 emergency it is now proposed that a 1-year plan is agreed for 2021/22, to allow more detailed work to take place on a new 5-year plan.
- 1.2 This report provides information on the impact of Covid-19 on the current HRA Capital Programme and details of the recommended HRA Capital Programme funding allocations and arrangements for approval of area projects for 2021/22.

2 Recommendations

- 2.1 Members are asked to: -
1. **Agree** a one-year HRA Capital Programme for housing stock improvements of £15.667m for 2021/22
 2. **Note** that further work is taking place to develop the next 5-year HRA Capital Plan;
 3. **Note** that reports will be presented to local Members seeking approval for 2021/22 capital projects; and
 4. **Note** that Capital Monitoring Reports will be continue to be provided to report on progress.

3 Implications

- 3.1 Resource – Resource issues are outlined in this report.
- 3.2 Legal - There are no legal implications arising from this report.
- 3.3 Community (Equality, Poverty and Rural) - This report details continuing investment in adaptations to allow disabled tenants to remain in their homes.
- 3.4 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.
- 3.5 Risk - Implications to the budget position, and budget assumptions, will be kept under review and reported to future Committee.
- 3.6 Gaelic: There are no Gaelic implications arising from this report.

4 Details of HRA Capital Programme

2019-20 programme

- 4.1 The estimated near-final outturn for the 2019-20 programme is £11,210,000, with slippage of £4,587,000 because of projects being planned or delayed into 2020-21.
- 4.2 It should be noted that the programme was approved on a 2-year basis as it was anticipated that spend in 2020-21 would exceed that of the first year of the programme because of projects being mobilised on-site in spring/summer 2020. Approval of the two-year programme has allowed the Council to avoid high peaks in demand and inflated tender costs.
- 4.3 However, further slippage is estimated as a result of Covid-19 affecting works that were at the pre-site stage or on-site. All tenants who had scheduled works in the current period have been notified of the delays.
- 4.4 From 20 July 2020, capital works re-started on a number of projects. This has focused initially on external works and completing outstanding works rather than initiating new works.

2020-21 programme

- 4.5 The Council is currently working with contractors in order to manage commencement of work on-site. There will be inevitable delays caused through contractors implementing new safety procedures and tenants unwilling or unable to permit access. The additional slippage from the 2019-20 programme, contractor capacity, material costs and additional costs incurred through re-mobilisation on site will all have an impact on the outturns of the 2020-21 programme.
- 4.6 A more comprehensive report will be submitted to the September Committee detailing expenditure to date and estimated out-turns.

2021-22 programme

- 4.7 Previous discussion has taken place with Members and tenant representatives, including at a Policy Development Group in October 2019, regarding proposals for a new 5-year capital plan. This had been scheduled to be presented to the Housing and Property Committee in April 2020. If approved, the intention was then to liaise locally with Members ahead of seeking approval at Area Committees in 2020.
- 4.8 Following the Covid-19 emergency it is now considered more prudent to agree a single year programme for 2021-22 and defer approval of the next 5-year plan for a year. That will allow further analysis of the impacts of Covid-19 and provide time for the required Member discussion around the details of the 5-year plan.
- 4.9 A one-year programme, developed in line with the current criteria for area distribution and prioritisation of types of investment, is attached as **Appendix 1**.
- 4.10 This 2021-22 programme is a combination of all 10 Area programmes and draws on discussions which have taken place to date with Members. It focuses on priority projects identified by local maintenance teams through previous inspections, along with desktop stock analysis. Each one-year area programme will be presented to local Members for final approval as soon as possible.
- 4.11 The estimated funding for 2021-22 is set out below: -

Table 1 – Estimated funding for 2021-22 HRA Capital Programme

Year	Mainstream investment £'000	Adaptations £'000	Total £'000
2021-22	£14,667	£1,000	£15,667

- 4.12 The starting point for HRA capital planning is to estimate a reasonable level of expenditure required given the Highland housing stock. To establish this as objectively as possible we have undertaken an analysis of Highland Council 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).
- 4.13 This method provides standard investment allowances per house based on house type and date of construction. These allowances are based on the costs of standard life cycle replacement of major building elements.
- 4.14 In addition, it is recommended that we continue to allocate an HRA Capital Budget of £1m per year to fund adaptations for disabled tenants. This primarily funds level access showers / downstairs toilets/ bathrooms. In previous years this resource has been allocated on a stock basis, however analysis of 5-year spend across each Area has shown the need to apportion these resources more closely on the basis of demand.
- 4.15 HRA Capital investment of £15.667m will be funded through a combination of Capital from Current Revenue (CFCR) and prudential borrowing. Loan charges for all borrowing used to fund HRA capital investment are funded through HRA Revenue.

4.17 Funding allocations for types of work and area allocations are set out in **Appendix 1** and **Appendix 2** respectively.

Designation: Executive Chief Officer Housing and Property

Date: 30 July 2020

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General Principles and estimated budget allocation

Element	General principle % spend	Estimated budget allocation £'000
Major Component Replacement	30%	£4,400
External Fabric Repairs / Replacement	10%	£1,467
Heating / Energy Efficiency	60%	£8,800
Equipment and adaptations	n/a	£1,000
Total		£15,667

2021-22 Area funding allocations

Area	2021/22		Total £'000
	Mainstream £'000	Aids & Adaptations £'000	
Caithness	£2,119	£134	£2,253
Sutherland	£936	£116	£1,052
Easter Ross	£2,108	£108	£2,216
Wester Ross, Strathpeffer & Lochalsh	£524	£27	£551
Black Isle, Dingwall & Seaforth	£1,313	£67	£1,380
Isle of Skye & Raasay	£481	£67	£548
Inverness	£4,534	£252	£4,786
Nairnshire	£716	£73	£789
Lochaber	£1,371	£119	£1,490
Badenoch & Strathspey	£565	£37	£602
Total	£14,667	£1,000	£15,667

Area	2021/22		Total £'000
	Mainstream £'000	Aids & Adaptations £'000	
Caithness	£2,119	£144	£2,263
Sutherland	£936	£64	£1,000
Easter Ross	£2,108	£144	£2,252
Wester Ross, Strathpeffer & Lochalsh	£524	£36	£560
Black Isle, Dingwall & Seaforth	£1,313	£90	£1,403
Isle of Skye & Raasay	£481	£33	£514
Inverness	£4,534	£309	£4,843
Nairnshire	£716	£49	£765
Lochaber	£1,371	£93	£1,464
Badenoch & Strathspey	£565	£38	£603
Total	£14,667	£1,000	£15,667