

Agenda Item	10.
Report No	CC/09/20

## HIGHLAND COUNCIL

**Committee:** Caithness Committee

**Date:** 22 October 2020

**Report Title:** Caithness Housing Revenue Account Capital Programme 2021-2022

**Report By:** Executive Chief Officer Housing and Property

### 1 Purpose/Executive Summary

- 1.1 This report contains details of the level of HRA capital resources for Caithness for the 2021-2022 mainstream HRA Capital Programme approved at Housing and Property Committee on 13 August 2020 and the proposed programme of works for 2021-2022.

### 2 Recommendations

#### 2.1 Members are invited to:-

- I. **Note** the allocation of resources to Caithness Area as set out at 5.7;
- II. **Note** the guideline investment priorities as set out in sections 5.2 and 5.3 of the report;
- III. **Agree** the proposed one-year HRA Capital Programme for Caithness 2021-22 as set out in **Appendix 1**;
- IV. **Note** the position relating the current year HRA Capital Programme; and
- V. **Note** that updates on the Housing Revenue Account Capital Programme will continue to be provided through ward briefings and at future Local Committees as requested by local Members, in addition to reporting to Housing and Property Committee.

### 3 Implications

- 3.1 Resource – this is discussed in the report.

- 3.2 Legal – there are no specific legal implications arising from this report.
- 3.3 Community (Equality, Poverty and Rural) – there are no specific implications arising from this report.
- 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 regular review and any risks identified to future Committee.
- 3.6 Gaelic - there are no implications arising as a direct result of this report.

## **4 Background**

- 4.1 The Housing and Property Committee 13 August 2020 approved the framework for the Housing Revenue Account (HRA) Capital Programme for 2021-2022. This report highlights the resource allocations for Caithness for 2021-2022 as approved in the above noted report and details the proposed HRA Capital Programme for Caithness for 2021-2022.
- 4.2 This report relates to the mainstream HRA Capital Programme for 2021-2022. New build housing is reported separately to Housing and Property Committee.

## **5 Development of the HRA Capital Programme 2021-2022**

- 5.1 The HRA Capital Programme 2021-2022 has been developed in line with the agreed principles within the 2016-2021 HRA capital plan, along with revised general principles approved at Housing and Property Committee on 13 August 2020.
- 5.2 The guideline principles within the 2016-2021 HRA Capital Plan were as follows:-
- a lifecycle-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 new Energy Efficiency Standard for Social Housing (ESSH). It is expected that the ESSH programme will be based on generic measures to certain house types rather than specific measures based on individual property energy efficiency assessments;
  - an allowance for structural work to roofs, chimneys and external fabric of properties;
  - an allowance for environmental improvement works; and
  - continued funding of equipment and adaptations to allow disabled and elderly tenants to remain in their current tenancy.

5.3 At Housing and Property Committee on 13 August 2020, Members agreed to revised general guideline Highland priorities for spend as follows:-

**Table 1**

Element	General Principle
Major component replacement	30% spend
External Fabric Repairs/Replacement	10% spend
Heating/Energy efficiency measures	60% spend
Aids & Adaptations	Continued investment of £1m based on need

5.4 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).

5.5 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.

5.6 The HRA Capital Programme for 2021-2022 used this method to assess a level of expenditure required for our housing stock.

5.7 This identified the following budget for the Caithness HRA Capital Programme for 2021-2022:-

**Table 2: Caithness 2021-2022 HRA Capital Programme Resources**

Year	Mainstream Investment £'000	Aids and Adaptations £'000	Total £'000
2021/2022	2,119	134	2,253

5.8 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.

5.9 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.

## **6 2021-2022 Caithness HRA Capital Programme**

6.1 Proposals for the Caithness 2021-2022 area programme are detailed at **Appendix 1**.

6.2 A key feature of developing the programme for 2021-22 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 programme aimed at meeting the locally identified priorities.

- 6.3 The proposed Caithness HRA Capital Programme for 2021-2022 also reflects the strategic commitment towards increased spend on heating/energy efficiency measures to assist with improving the energy efficiency of the housing stock.
- 6.4 Discussion with Members has indicated a need to consider utilising environmental capital resource in flexible ways which meet the needs of the local area. It is proposed that the environmental capital resource is increased within the 2021-22 programme and is used to support additional spend on local area priorities as identified through consultation with the local team and tenants.
- 6.5 Following a feasibility study, there is an opportunity for possible redevelopment of bed-sits flats at Ormlie Road, Thurso, into alternative sized properties, with an indication that this would be supported by Scottish Government regeneration funding. To proceed to the next stage there is a required commitment of £37,000 from the 2021-22 programme, with the remainder of the project balance made up from previous underspend on the Ward 2 environmental capital budget. The delivery of this project is contingent on support from Scottish Government regeneration funding.
- 6.6 Members will continue to be updated on progress against both the current year programme and the 2021-2022 programme through ward business meeting updates. Members will be provided with specific project details and addresses on request.

## **7. Current financial year HRA Capital Programme**

- 7.1 Members are advised that the current year HRA Capital Programme for Caithness has inevitably been delayed due to the ongoing global pandemic. Projects which have been delayed are gradually getting underway, although it is likely that there will be slippage into financial year 2021-2022. This may cause delays in delivering the 2021-2022 planned programme. Members are advised that all previously approved projects for Caithness will be progressed.
- 7.2 Progress against the present year HRA Capital Programme for Caithness will be reported to the next Area Committee as an appendix to the housing performance report in addition to spend to date and estimated outturns being reported to future Housing and Property Committee.

Designation: Executive Chief Officer Housing and Property

Date: 7 October 2020

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<b>Caithness HRA Capital Programme 2021-22</b>		
	Project budget	Comments
<b>Equipment and adaptations</b>		
Equipment and adaptations	£134,000	Works carried out on demand following referrals from Occupational Therapists
<b>Total</b>	<b>£134,000</b>	
<b>Major Component Replacement</b>		
Kitchen replacements	£150,000	Kitchen replacement programme/one-offs
Bathroom replacements	£150,000	Bathroom replacement programme/one-offs
One-off windows and door replacements	£50,000	One-off windows and doors failures/replacements
Ormlie Rd Flats Refurbishment	£37,000	Ormlie Rd Flats refurbishment project commitment from 2021-22 programme
<b>Total</b>	<b>£387,000</b>	
<b>Heating/energy efficiency</b>		
Energy efficiency works	£1,307,000	Oldest/most inefficient heating systems/energy efficiency measures
One-off heating replacements	£150,000	One-off heating failure replacements progressed through local team
<b>Total</b>	<b>£1,457,000</b>	
<b>External Fabric (major component replacement)</b>		
External Fabric (major component replacement)	£25,000	One off roofing/chimney/render repairs progressed through local team
<b>Total</b>	<b>£25,000</b>	
<b>Environmental Improvements</b>		
Local Area Priorities	£250,000	Member Led Improvements budget. Specific priority capital projects for Caithness identified through engagement with Members, local team and tenants.
<b>Total</b>	<b>£250,000</b>	
<b>Overall Programme Budget Total</b>	<b>£2,253,000</b>	