

Agenda Item	8
Report No	CIA/29/20

HIGHLAND COUNCIL

Committee: City of Inverness Committee

Date: 19 November 2020

Report Title: Inverness Area 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 Inverness Area for the 2021-2022 mainstream 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 Inverness 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 Inverness Area 2021-22 as set out in **Appendix 1**.
- IV. **Note** the position relating the current year HRA Capital Programme.
- 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 - 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 On 13 August 2020, Housing and Property Committee approved the funding allocations and framework for the Housing Revenue Account (HRA) Capital Programme for 2021-2022. This report details the proposed HRA Capital Programme for Inverness Area for 2021-2022.
- 4.2 It should be noted that this report relates to the mainstream HRA capital works. 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 of the 2016-2021 HRA Capital Plan, which was updated and approved at Housing and Property Committee on 13 August 2020.
- 5.2 The guideline principles within the HRA Capital Plan are 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 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 Inverness Area HRA Capital Programme for 2021-2022:-

Table 2: Inverness Area 2021-2022 HRA Capital Programme Resources

Year	Mainstream Investment £'000	Aids and Adaptations £'000	Total £'000
2021/2022	4,534	252	4,786

- 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 Inverness Area HRA Capital Programme**
- 6.1 Proposals for programme and budget allocation for the Inverness Area 2021-2022 area programme are detailed at **Appendix 1**.
- 6.2 Developing the programme for 2021-22 has involved identifying individual area priorities through discussion with Members, local maintenance teams and tenants. Priorities have been identified for the Inverness Area at a local level, with the projects defined within the programme aimed at meeting the locally identified priorities.

6.3 The proposed Inverness Area 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 **Specific priorities**

Through the discussion and analysis referred to at 6.2, specific priorities have been identified:-

- Heating/energy efficiency
 - The replacement of old and inefficient storage heating systems to improve the energy efficiency of our stock.
 - Specific priority areas identified for these works are Wards 12, 14 and 17.
- External insulation
 - Insulating the Swedish Timber properties in Ward 14 to improve the energy efficiency of these properties.
 - There is potential opportunity to lever in additional external funding for this and other energy efficiency works and progress on this will be reported during the programme.
- Windows and doors
 - The replacement of windows and doors which are ageing and/or in disrepair.
 - Specific priority areas identified for these works are Wards 12, 16 and 17.
- Kitchens and bathrooms
 - The replacement of kitchens and bathrooms which are ageing and/or in disrepair.
 - Specific priority areas are still being identified by Maintenance Officers through inspections.
- Environmental improvement
 - Continued investment in Environmental Improvements across all wards, disaggregated to ward level.

6.5 Where draft address lists for the above projects have already been identified, these have been issued separately to Members in advance of this Committee. Members should be aware that there may be some minor changes to address lists during the programme as tenants opt-out of works or in response to service delivery needs.

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 during the course of the programme.

6.7 It should be noted that initial analysis is underway to develop a 5-year capital programme from 2022 onwards. This will include feasibility studies on larger and more complex projects which Members and officers identified as potential future priorities as part of the development of the 2021-22 programme.

7 **2020-21 HRA Capital Programme**

- 7.1 Members are advised that the current year's HRA Capital Programme for Inverness Area has been significantly delayed as a result of the ongoing global pandemic. All projects are being progressed but there will be considerable slippage into financial year 2021-2022 as contractors report issues regarding material shortages and the additional demands of compliance with new and changing safe working practices.
- 7.2 Members are advised that all previously approved projects for Inverness Area will be progressed and relevant tenants advised of updated works schedules. Tenants have continued to be very supportive in regard to the above and in understanding that works are being delivered at a slower pace than previously to ensure their safety and meet their individual access requirements.
- 7.3 Progress against the present year HRA Capital Programme for Inverness Area will be reported to the next Area Committee as an appendix to the housing performance report.

Designation: Executive Chief Officer Housing and Property

Date: 3 November 2020

Author: Jonathan Henderson, Housing Investment Officer

Inverness Area HRA Capital Programme 2021-22		
	Project budget	Comments
Equipment and adaptations		
Equipment and adaptations	£252,000	Works on demand following referrals from Occupational Therapists
Total	£252,000	
Major Component Replacement		
Rewiring	£200,000	Inverness rewire programme. Oldest rewiring Inverness Area
Bathroom/kitchen replacements	£400,000	Oldest/one-off bathroom and kitchen replacements prioritised through inspections by local team
One-off windows and door replacement	£75,000	One-off windows and doors replacements progressed through inspections by local team
Windows replacement programme	£825,000	Oldest window and doors replacement programme
Total	£1,500,000	
Heating/energy efficiency		
Heating replacement programme	£2,002,000	Heating replacement programme prioritising replacement of old storage heating systems
Swedish timber external insulation pilot project	£300,000	External insulation of Swedish Timber properties
One-off heating replacements	£400,000	One-off heating failures progressed through local team
Total	£2,702,000	
External Fabric (major component replacement)		
External Fabric (major component replacement)	£100,000	On demand chimney/roofing/render repairs progressed through local team
Total	£100,000	
External fabric (environmental improvements)		
Environmental Improvements	£226,700	Member led budget. Priority environmental capital projects identified through engagement with local team
Total	£226,700	
Overall Programme Budget Total	£4,786,000	