

Agenda Item	7.
Report No	CC/03/22

HIGHLAND COUNCIL

Committee: Caithness Committee

Date: 9 February 2022

Report Title: Caithness HRA Capital Programme 2022-23

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 2022-23 mainstream Capital Programme approved at Housing and Property Committee on 15 December 2021 and the proposed programme of works for 2022-23.

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 2022-23 as set out in **Appendix 1**;
- IV. **Note** the position relating to 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 - 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 on 15 December 2021 approved the framework for the Housing Revenue Account (HRA) Capital Programme for 2022-23. This report highlights the resource allocations for Caithness for 2022-23 as approved in the above noted report and details the proposed HRA Capital Programme for Caithness for 2022-23.
- 4.2 This report relates to the mainstream HRA Capital Programme for 2022-23. New build housing is reported separately to Housing and Property Committee.

5 Development of the HRA Capital Programme 2022-23

- 5.1 The HRA Capital Programme 2022-23 has been developed in line with the agreed principles within the 2022-27 HRA Capital Plan approved at Housing and Property Committee on 15 December 2021.
- 5.2 The guideline principles within the 2022-27 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 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 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).

- 5.4 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.
- 5.5 The HRA Capital Plan for 2022-27 used this method to assess a level of expenditure required for our housing stock.
- 5.6 The global Covid-19 pandemic has created a backlog of works in Highland and it is anticipated that there will be significant carry-forward of funding into 2022-23 to carry out committed works. On this basis, Housing and Property Committee approved a reduced allocation of £7.7m in Highland for 2022-23 (year 1) with the following 4 years having higher investment allocations to achieve the full level of investment over the 5-year plan period.
- 5.7 This identified the following budget for the Caithness HRA Capital Programme for 2022-23:-

Table 2: Caithness 2022-23 HRA Capital Programme Resources

Year	Mainstream Investment £'000	Aids and Adaptations £'000	Total £'000
2022-23	£645	£119	£764

- 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 which were reported to Housing and Property Committee on 20 January 2022.

6 2022-23 Caithness HRA Capital Programme

- 6.1 Proposals for the Caithness 2022-23 area programme are detailed at **Appendix 1**.
- 6.2 A key feature of developing the programme for 2022-23 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 programme aimed at meeting the locally identified priorities.
- 6.3 The proposed Caithness HRA Capital Programme for 2022-23 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 It should be noted that the Scottish Government has committed to a review of the Energy Efficiency Standard for Social Housing. The Council also has other commitments to improving the energy efficiency of our housing stock in line with Climate Change legislation and efforts to achieve net zero emissions where feasible.

6.5 As such, Members should note that a future report will be submitted to Housing and Property Committee which will highlight the estimated costs to achieve compliance with the above targets and to consider policy and investment decisions which will impact on the 2022-27 Capital Plan.

6.6 Members will continue to be updated on progress against both the current year programme and the 2022-23 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 experienced some delays due to the ongoing global pandemic. These have mostly been in regard to heating works. It is likely that there will be slippage into financial year 2022-23 but the intention is that further delays will be minimised unless there are further Covid-19 variants and government restrictions. 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 quarterly to Housing and Property Committee.

Designation: Executive Chief Officer Housing and Property

Date: 25 January 2022

Author: Brian Cameron, Housing Policy and Investment Manager

Appendix 1

Caithness Capital Programme 2021-22		
	Project budget	Comments
Equipment and adaptations		
Equipment and adaptations Caithness	£134,000	Works on demand following referrals from Occupational Therapists
Total	£134,000	
Major Component Replacement		
Kitchen/bathroom replacements	£200,000	Bathroom and kitchen replacements progressed through the local team
Window and door replacements	£50,000	Window and door replacements
Total	£250,000	
Heating/energy efficiency		
Heating replacements	£300,000	Gas baxi boiler systems to be replaced as near end of life cycle
Heating replacements	£250,000	Heating replacements
Total	£550,000	
External Fabric (major component replacement)		
External fabric works	£93,000	External works to fascias, roofs, guttering etc following condition inspections – priority for external wall insulation where technically feasible
Total	£93,000	
External fabric (environmental improvements)		
Environmental Improvements	£47,000	Member led budget. Priority environmental capital projects identified through engagement with Members, local team and tenants. (Disaggregated to ward level)
Total	£47,000	
Mainstream budget total	£940,000	
Aids and adaptations total	£134,000	
Overall programme total	£1,074,000	