

Agenda Item	<b>6</b>
Report No	<b>HP/15/24</b>

## HIGHLAND COUNCIL

**Committee:** Housing and Property Committee

**Date:** 14 August 2024

**Report Title:** Housing Revenue Account (HRA) Capital Monitoring: Outturn Report for 2023/24

**Report By:** Assistant Chief Executive – Place

### 1 Purpose/Executive Summary

1.1 This report provides the Outturn Monitoring Statement for the Housing Revenue Account Capital Programme for the 2023/24 financial year. The report provides details of expenditure against both the mainstream HRA Capital Programme and the Council house building programme.

### 2 Recommendations

2.1 Members are invited to:-

- (i) **NOTE** the final outturn figures for the Housing Revenue Account Capital Programme 2023/24.

### 3 Implications

3.1 **Resource** – There are no implications arising from this report.

3.2 **Legal** – There are no implications arising from this report.

3.3 **Risk** - Implications to the budget position, and budget assumptions, will be kept under review and reported to future Committee.

3.4 **Health and safety (risks arising from changes to plant, equipment, process or people)** – Continuing investment in our stock will help meet statutory compliance with health and safety requirements.

3.5 **Gaelic** - There are no Gaelic implications arising from this report.

### 4 Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring update report and therefore an impact assessment is not required.

## 5 Background

- 5.1 The mainstream HRA Capital Programme is based on the HRA Capital Plan 2022-2027, through which resources are allocated at area level and local projects approved at an Area Committee level.
- 5.2 The new Council house build programme was approved at Committee on 31 January 2024 as part of the Council's Strategic Housing Investment Programme 2024-2029. Increasing the supply of affordable housing in Highland is a key feature underlying the Highland Housing Challenge which was established at Council on 27 June 2024.

## 6 Final Outturn Monitoring Statement for 2023/24

- 6.1 **Appendix 1** details the final outturn figures for the HRA Capital Programme 2023/24. It reports a final outturn figure of £66.817m against a budget of £69.473m.

### 6.2 Mainstream HRA Capital Programme

On the mainstream programme for investment in existing housing stock, the final outturn was £18.354m against the budget of £26.111m. This represents significant reprofiling of spend during the financial year:

- Overspend of £0.174m to meet an increased demand on adaptation works to assist tenants to live independently in their own homes;
- £5.987m of heating and energy efficiency works reprofiled and carried forward to the 2024/25 programme; this is primarily to maximise new external funding opportunities which are emerging;
- £1.047m of external fabric works reprofiled and carried forward to the 2024/25 programme.

- 6.3 The construction industry at both a Highland and a national level continues to experience labour and material shortages. These issues are causing longer lead-in times, higher prices, and price volatility. The unprecedented uncertainty regarding materials, coupled with ongoing resourcing issues, has been demonstrated by no tender returns for some projects and higher than budgeted prices on returned tenders.

- 6.4 The above issues are likely to result in ongoing challenges to deliver projects on time and within budget. The Council remains committed to carrying out the agreed programme and contractual discussions are ongoing to accelerate works where possible.

- 6.5 The Highland commitment to improving the energy efficiency of our stock is reflected in the investment works during 2023/24. **Appendices 2 and 3** provide project examples of the energy performance uplift experienced by individual houses which benefited from heating, solar PV and external insulation works in 2023/24.

### 6.6 New Council House Build Programme 2023/24

On the new build part of the programme, the final outturn was £48.463m against the budget of £43.362m. The difference was due to a substantial increase in opportunities to accelerate Scottish Government subsidy as part of the longer-term new build programme.

- 6.7 The agreed affordable new build programme 2023/24 delivered 371 affordable homes of which 134 were new Council homes. A further 29 homes were delivered through one-off individual purchases.
- 6.8 The new build programme continues to be impacted by similar challenges as the mainstream programme, particularly in terms of cost. The Council has shown flexibility in considering changes to materials specified where the replacement will not be detrimental to quality but can be secured more quickly to support the earlier delivery of contracts.
- 6.9 The current programme seeks to deliver 387 new homes by 31 March 2025. 170 of these will be new Council homes.

Designation: Assistant Chief Executive – Place

Date: 10 July 2024

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Appendices: Appendix 1 -Housing Revenue Account Capital Monitoring Statement 2023/24;  
Appendix 2 - Energy performance uplift for heating project CSH23011 Badenoch & Strathspey;  
Appendix 3 - Energy performance uplift for external wall insulation project CSH20019 Inverness.

## Housing Revenue Account Capital Monitoring Statement 2023/2024

Project Description	Net Budget	Year End Net Outturn	Year End Net Variance	(Reprofiling)/ Acceleration Net	Year End (Under)/Over
	£000	£000	£000	£000	£000
<b>Capital Programme 2023/24</b>					
Equipment and Adaptations	1,057	1,201	144	(30)	174
Major Component Replacement	3,432	3,293	(139)	(139)	
Heating/Energy Efficiency	17,889	11,902	(5,987)	(5,987)	
External Fabric (Major Component Replacement)	1,393	346	(1,047)	(1,047)	
External Fabric (Environmental Improvements)	969	396	(573)	(573)	
Healthy, Safe and Secure	1,214	1,211	(3)	(3)	
Contingencies/Retentions	157	5	(152)	(152)	
<b>Total 2023/24 Programme</b>	<b>26,111</b>	<b>18,354</b>	<b>(7,757)</b>	<b>(7,931)</b>	<b>174</b>
<b>Council House Building Capital Programme</b>					
New Council House Buildings	37,762	43,316	5,554	(453)	
Individual House Purchases	5,600	5,147	(453)	5,254	300
<b>Total Council Building Programme</b>	<b>43,362</b>	<b>48,463</b>	<b>5,101</b>	<b>4,801</b>	<b>300</b>
<b>OVERALL TOTAL</b>	<b>69,473</b>	<b>66,817</b>	<b>(2,656)</b>	<b>(3,130)</b>	<b>474</b>

Funding	Net Budget	Year End Estimated Net Outturn	Year End Net Variance
	£000	£000	£000
Useable Capital Receipts		521	521
RHI Income		6	6
Government Grant	19,500	22,089	2,589
Landbank	2,400	1,148	(1,252)
Evergreen Infrastructure Loan Fund	500	207	(293)
Borrowing	47,073	42,846	(4,227)
<b>GROSS FUNDING</b>	<b>69,473</b>	<b>66,817</b>	<b>(2,656)</b>

## Energy performance uplift for heating project CSH23011 Badenoch &amp; Strathspey

Pre-Installation			Post-installation		
Energy Performance Certificate Band	Energy Rating	Heating Type installed	PV Installed	Energy Performance Certificate Band	Energy Rating
E	46	Heat pump	Yes	B	87
E	47	Heat pump	Yes	A	95
F	36	Heat pump	Yes	B	80
D	65	Heat pump	Yes	B	85
D	56	Heat pump	Yes	B	84
D	67	Heat pump	Not technically feasible	C	70
F	36	Heat pump	n/a	C	71
E	46	Heat pump	Yes	A	94
E	46	Heat pump	Yes	A	93
D	66	Heat pump	Yes	B	85
D	65	Heat pump	Yes	A	92
E	50	Heat pump	Yes	A	90
D	67	Heat pump	Yes	B	88
E	53	Heat pump	Yes	B	90
E	47	Heat pump	Yes	C	78
E	41	Heat pump	Yes	B	91
D	62	Heat pump	Yes	A	94
D	56	Heat pump	Not technically feasible	C	70
D	61	Heat pump	Yes	C	80
E	48	Heat pump	Yes	B	90
E	50	Heat pump	Yes	A	95

D	56	Electric storage	Not technically feasible	D	64
E	47	Heat pump	Yes	A	95
E	52	Heat pump	Yes	B	89
D	60	Heat pump	n/a	C	72
E	45	Heat pump	Yes	B	88
E	52	Heat pump	Not technically feasible	C	70
D	59	Heat pump	Yes	B	81
E	41	Heat pump	Yes	B	89
D	62	Heat pump	Yes	B	84

## Energy performance uplift for external wall insulation project CSH20019 Inverness

Pre-Installation		Post-Installation	
Energy Performance Certificate Band	Energy Rating	Energy Performance Certificate Band	Energy rating
E	43	C	75
E	40	C	75
E	44	C	71
E	49	C	75
E	41	C	74
E	46	C	75
D	55	C	75
E	44	C	74
D	55	C	74
E	42	C	75
E	42	C	75
D	64	C	75
E	46	C	71
D	56	C	74
E	40	C	70
E	44	C	75
E	46	C	75
E	47	C	75
D	56	C	75
E	47	C	75
E	39	D	67
D	59	C	75
E	48	C	75
D	65	C	72
D	66	C	75

