

Agenda Item	5
Report No	HP/15/20

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 10 December 2020

Report Title: Housing Revenue Account (HRA) Capital Monitoring Report to 30 September 2020

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

- 1.1 This report provides the monitoring position for the Housing Revenue Account Capital Programme for the period from 1 April 2020 to 30 September 2020. It details expenditure to date against both the mainstream HRA Capital Programme and the Council house building programme.

2 Recommendations

- 2.1 Members are invited to:-
- (i) approve the budget position on the Housing Revenue Account Capital Programme Monitoring Report
 - (ii) approve the transfer of £1m from Revenue to Capital budgets for fire safety works for both the 2020-21 and 2021-22 budgets.

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 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 Background

- 4.1 The mainstream HRA Capital Programme is based on the HRA Capital Plan, through which resources are allocated at area level and local projects approved at an Area Committee level.
- 4.2 The new Council house build programme was approved at the Environment, Development & Infrastructure Committee on 7 November 2019 as part of the Council's Strategic Housing Investment Programme 2020-2025.

5 Progress against the mainstream HRA 2020-21 programme

- 5.1 Progress against the mainstream HRA programme continues to be impacted by the Covid-19 restrictions that halted all capital works on site earlier this year. More detail on the impact of the pandemic is detailed in section 6 of this report below.
- 5.2 Where requested, reports will be submitted to Area Committees detailing progress against local projects including information on anticipated project completion dates. It is anticipated that all projects which had been on-site before the pandemic will be completed this financial year.
- 5.3 Expenditure to date and anticipated outturn are detailed at **Appendix 1** of this report. At present £7.965m of slippage is anticipated on the programme, largely as a result of the coronavirus pandemic.

5.4 Fire safety legislation

Members may be aware of the recent Scottish Government announcement concerning the changes to the standards for fire and smoke detectors in all tenures of housing.

- 5.5 Like other social landlords, the majority of works will simply involve extending the existing smoke alarm provision to additional rooms and hallways and these works will be completed by a qualified electrician in a single visit. These works have been budgeted as part of the Revenue budget and are not reported as part of the mainstream capital programme.
- 5.6 Following discussion with the Corporate Finance team, it is recommended that the £1m budgeted for these works in 2020-21 is transferred to the capital programme and performance will be monitored as part of the capital monitoring process. It is also recommended that a further £1m is budgeted as part of the 2021-22 HRA Capital Programme rather than as part of the revenue budget for 2021-22.

6 Impact of the coronavirus pandemic on the mainstream HRA 2020-21 programme

- 6.1 All capital works were stopped on site during the national lockdown period in Spring and early Summer 2020. From 20 July 2020, capital works re-started on several projects. This focused initially on external works and completing outstanding works rather than initiating new works. As of 31 August, all capital projects re-started on site and all 2020-21 projects have been progressing.
- 6.2 As indicated at September Committee, the works are however being delivered far more slowly than previously experienced. This is largely a result of the challenges that contractors are facing in adhering to the Covid-19 guidelines to ensure that works are carried out as safely as possible. The additional safety procedures have meant that contractors have had to limit the number of trades able to work in confined areas at the same time and have had to take additional time to ensure that surfaces are disinfected and specific appointments with tenants are adhered to.
- 6.3 Tenants continue to be very supportive of the new safety procedures, although inevitably some tenants are preferring to rearrange their works to a later date for health reasons.
- 6.4 Prior to the pandemic, officers were estimating that the 2020-21 programme would be delivered on time and within budget. This was largely based on progress made in organising projects ahead of schedule as part of the approved 2-year programme 2019-21.
- 6.5 As indicated at 5.3, the slippage on the mainstream HRA capital programme is estimated at £7.965m of which £6.5m is related to projects delayed by the pandemic. It is estimated that these projects will be delivered by July 2021 unless there are further pandemic lockdown restrictions.
- 6.6 Information is still being considered, but the early indications are that there will be no additional costs anticipated as a result of the pandemic where contractors have had to incur additional costs or reschedule works. Information on tendering is still to be assessed.
- 6.7 Ongoing discussion is taking place between officers and contractors to ensure that contractors are able to deliver works and will not be impacted on by material shortages or the financial pressures of the pandemic. As part of this project planning, discussion is also taking place to assess the potential impact of Highland moving into a higher tier of status under the coronavirus guidelines. Any delays to projects as a result of these factors, and the mitigating actions to be taken to minimise delays, will be reported to Committee.

7 Progress against the new Council house build programme 2020-21

- 7.1 The new build Council House building programme is progressing with sites restarting following the lockdown. It is anticipated that the programme will deliver a minimum of 106 new completions within the current financial year plus 20 one-off individual purchases. The estimated variance on the current year's programme is £1.705m
- 7.2 A Strategic Housing Investment Programme for 2021-26 was approved on 4 November 2020 by the Economy & Infrastructure Committee. It has been prepared on the basis that it will be possible to approve at least 500 units each year, of which 70% will be for affordable rent and 30% for intermediate affordable housing (e.g. low-cost home ownership or mid-market rent), in line with overall Scottish Government targets. As

approved at the Economy & Infrastructure Committee, further consultation will take place with Area Committees.

8 2021/22 mainstream HRA Capital Programme

- 8.1 A 2021/22 HRA Capital Programme for housing stock improvements of £15.667m was approved by this Committee on 13 August 2020.
- 8.2 The 2021/22 area programmes are in the process of being presented to local Members for final Area Committee approval.

Designation: Executive Chief Officer Housing and Property

Date: 27 November 2020

Authors: Brian Cameron, Housing Policy & Investment Manager
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HRA Capital Monitoring Report 1 April to 30 September 2020

Project Description	Actual Net Year to Date	Revised Net Budget	Year End Estimated Net Outturn	Year End Net Variance	(Slippage)/Acceleration Net	Anticipated Year End (Under)/Over
	£000	£000	£000	£000	£000	£000
Capital Programme 2019/21						
Equipment and Adaptations	92	1,000	550	- (450)	- (450)	
Major Component Replacement	175	1,812	1,050	- (762)	- (762)	
Heating/Energy Efficiency	383	5,346	3,306	-(2,040)	- (2,250)	210
External Fabric (Major Component Replacement)	578	8,894	4,941	- (3,953)	- (4,069)	116
External Fabric (Environmental Improvements)	80	1,465	1,472	7	12	-5
Healthy, Safe and Secure	13	653	207	- (446)	-(446)	
Retentions	54		59	59		59
Insurance works	44					
Total	1,419	19,170	11,585	-(7,585)	-(7,965)	380
Council House Building Capital Programme						
New Council House Buildings	7,229	39,766	36,161	-(3,605)	- (3,884)	279
Individual House Purchases	1,882	1,300	3,200	1,900	1,900	
Total	9,111	41,066	39,361	-(1,705)	-(1,984)	279
OVERALL TOTAL	10,530	60,236	50,946	- (9,290)	- (9,949)	659

Funding	Actual	Revised	Year End	Year End
	Net	Net	Estimated	Net
	Year to	Budget	Net	Variance
	Date		Outturn	
	£000	£000	£000	£000
Investment Programme				
Useable Capital Receipts	- (10)	64	70	6
RHI Income	152		175	175
Sale of LIFT Properties				
Government Grant	3,963	20,017	19,886	- (131)
Miscellaneous income	19		19	19
Landbank		3,180	3,180	0
Borrowing	6,406	36,149	26,710	- (9,439)
Capital from Current Revenue		826	906	80
GROSS FUNDING	10,530	60,236	50,946	- (9,290)

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