

Agenda Item	5
Report No	LA/3/23

HIGHLAND COUNCIL

Committee: Lochaber Committee

Date: 24 January 2023

Report Title: Lochaber HRA Capital Programme 2022-23 Update and 2023-27 Programme

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

1.1 This report provides an update on the Lochaber HRA Capital Programme for 2022-23 and the proposed investment priorities for 2023-27

2 Recommendations

2.1 Members are invited to:

- I. **NOTE** the update on the 2022-23 Lochaber HRA Capital Programme at section 5 of the report and **Appendix 1**.
- II. **NOTE** the resources available to Lochaber at 6.7
- III. **AGREE** the proposed investment priorities in the HRA Capital Programme for Lochaber 2023-27 as set out in **Appendix 2**.
- IV. **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 2022-2027 HRA capital plan was approved by Members of the Housing and Property Committee on 15 December 2021. The plan set out the 5-year planned investment on HRA housing stock across Highland.

4.2 This report provides an update on the current year (2022-23) HRA Capital Programme for Lochaber and outlines the planned programme for 2023-27.

5 2022-23 Lochaber HRA Capital Programme Update

5.1 Progress against the mainstream HRA programme has been affected by the long-term impact of the Covid-19 restrictions that suspended all capital works in Council housing until the lifting of restrictions in April 2021.

5.2 As reported to Highland Council on 27 October 2022, the construction industry at both a Highland and at a national level continues to experience labour and materials shortages. These issues are causing longer lead-in times, higher prices, and price volatility.

5.3 However, works have been progressing well on site over recent months and update on projects and estimated completion dates where relevant for 2022-23 works is provided at **Appendix 1**.

5.4 Q3 outturns for the HRA Capital Programme are being reported to Housing and Property Committee on 26 January 2023.

6 Development of the HRA Capital Programme 2023-27

6.1 The proposed Lochaber HRA Capital programme 2023-27 at **Appendix 2** has been developed in line with the agreed principles within the 2022-2027 HRA capital plan approved at Housing and Property Committee on 15 December 2021.

6.2 The guideline principles within the 2022-2027 HRA Capital Plan were as follows:

- a life-cycle 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
- continued funding of equipment and adaptations to allow disabled and elderly tenants to remain in their current tenancy.

6.3 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).

6.5 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.

6.6 The HRA Capital Plan for 2022-2027 used this method to assess a level of expenditure required for our housing stock, disaggregated to an area level.

6.7 This has identified the following budget for the Lochaber HRA Capital Programme for 2023-2027:

Table 2: Lochaber 2023-2027 HRA Capital Programme Resources

Year	Mainstream Investment £'000	Aids and Adaptations £'000	Total £'000
2023/24	1,896	119	2,015
2024/25	1,891	119	2,010
2025/26	1,960	119	2,079
2026/27	2,014	119	2,133

6.8 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.

6.9 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.

6.10 A key feature of developing the programme for 2023-27 has been identifying individual area priorities through discussion with Members, local maintenance teams and tenants, in addition to analysis of stock data and information. Priorities have been identified for the Lochaber area at a local level, with the projects defined within the programme aimed at meeting the locally identified priorities.

6.11 Members will note that the proposed Lochaber HRA Capital Programme for 2023-27 identifies and recommends a key priority of investment in energy efficiency works on our housing stock. This reflects the strategic commitment towards increased spend on

heating/energy efficiency measures to assist with improving the energy efficiency of the housing stock.

- 6.12 The Scottish Government has committed to a review of EESSH2 in response to national concerns as to the affordability and deliverability of energy works during a time of increasing market and construction and energy industry uncertainty. Recommendations on our approach to improving the energy efficiency of our stock will be submitted to a future Housing and Property Committee. The Council's Climate Change Committee will also be reviewing our net zero commitments which may impact on future capital programming and policy
- 6.13 Members will continue to be updated on progress against the current year programme through ward business meeting updates and committee reports on request.

Designation: Executive Chief Officer Housing and Property

Date: 22 December 2022

Author: Jonathan Henderson, Housing Investment Officer

2022-2023 Lochaber HRA Capital Programme Project Progress Update

Appendix 1

Delivery	Project Title	Comments
Building Maintenance	Equipment & adaptations Lochaber	Works carried out on demand following referrals from Occupational Therapists. Identified works being progressed through Building Maintenance.
Building Maintenance	Heating replacements Lochaber	Works being progress on demand through Building Maintenance. Works addressing any heating failures across Lochaber.
Building Maintenance	Bathroom/kitchen/window replacement Lochaber	Works progressing through local Building Maintenance Team. Works carried out on demand and where element has failed. Generally identified at void stage.
Building Maintenance	External fabric works Lochaber	On demand works to roofing and external fabric works carried out through Building Maintenance team.
Building Maintenance	Environmental improvements Ward 11	Member/tenant led budget. Priority projects identified at a local level, involving 'rate your estate' walk arounds.
Building Maintenance	Environmental improvements Ward 21	Member/tenant led budget. Priority projects identified at a local level, involving 'rate your estate' walk arounds.
Project Management	Lochaber Roofing	Roofing works in Caol completed on site. Works moving to soffit and fascias at Upper Achintore early in new year, for completion March 2023.
Project management	CSH20011 Plantation Heating	Works now completed on site.
Project management	CSH20012 Upper Achintore Heating	Works now completed on site.
Project management	CSH22019 Heating Lochaber 22/23	Heating replacement contract Corpach/Kinlochleven. Addresses being confirmed, due on site early 2023.
Project management	CSH19072 Rewiring Lochaber 19/21	Works now completed on site
Project management	CSH21017 Rewiring Lochaber 22/23	Pre. start survey works completed. Works due on site early in new year. Works anticipated to be completed early in 23/24.
Project management	CSH19054 Roofing- Loch 20/21	20/21 roofing project. Works now completed on site.
Project management	CSH19055 Heating - Loch 19/20	19/20 heating project. Works now completed on site
Project management	CSH19056 Heating - Loch 20/21	20/21 heating project. Works now completed on site

Appendix 2

Draft Lochaber 23-27 HRA Capital Programme	2023/24	2024/25	2025/26	2026/27	Total	Comments
Equipment and adaptations						
Equipment and adaptations Lochaber	£119,000	£119,000	£119,000	£119,000	£476,000	Works on demand following referrals from Occupational Therapists
Equipment and adaptations Lochaber Total	£119,000	£119,000	£119,000	£119,000	£476,000	
Major Component Replacement						Comments
Kitchen replacement programme	£121,645	£136,364	£151,451	£161,833	£571,293	Kitchen programme Lochaber as identified through interrogation of system data and inspection by local maintenance officer
Bathroom replacement programme	£121,645	£136,364	£151,451	£161,833	£571,293	Bathroom programme Lochaber as identified through interrogation of system data and inspection by local maintenance officer
Rewiring programme	£146,645	£156,364	£166,451	£171,834	£641,294	Rewiring programme identified through interrogation of cyclical electrical check information
Major Component Replacement Total	£389,935	£429,092	£469,353	£495,500	£1,783,880	
Heating/energy efficiency works						Comments
Heating and energy efficiency works Lochaber	£450,000	£460,000	£470,000	£480,000	£1,860,000	4 year energy efficiency works programme to focus on E, F and G rated properties along with replacement of oldest inefficient heating systems. Solar PV considered where technically feasible.

One-off heating replacements	£300,000	£300,000	£300,000	£300,000	£1,200,000	One-off heating replacements due to system failures, undertaken through local team.
Windows and doors replacement contract	£150,000	£160,000	£170,000	£180,000	£660,000	Windows and doors programme identified through interrogation of system data and inspections by local maintenance officer
One-off windows & doors replacements	£50,000	£50,000	£50,000	£50,000	£50,000	One-off windows and doors replacements carried out on demand
Heating/energy efficiency works Total	£950,000	£970,000	£990,000	£1,010,000	£3,720,000	
External Fabric (major component replacement)						Comments
External Fabric works	£200,000	£133,333	£133,333	£133,333	£599,999	External fabric works programme Lochaber. Year one Campbell & Brown Court external renovation.
One-off External Fabric works	£100,000	£100,000	£100,000	£100,000	£400,000	External fabric works identified on demand by local maintenance officer
External Fabric works Total	£300,000	£233,333	£233,333	£233,333	£999,999	
External fabric (environmental improvements)						Comments
Environmental improvements Ward 11	£37,511	£38,906	£40,328	£41,417	£158,161	Member led budget. Priority environmental capital projects identified through engagement with local team
Environmental improvements Ward 12	£54,538	£56,568	£58,635	£60,218	£229,958	Member led budget. Priority environmental capital projects identified through engagement with local team
Environmental improvements Total	£92,049	£95,474	£98,963	£101,634	£388,119	
Contingencies	£163,994	£163,243	£169,269	£173,883	£173,883	Budget provision to carry out unanticipated additional works

	2023/24	2024/25	2025/26	2026/27		
Total Aids and Adaptations	£119,000	£119,000	£119,000	£119,000	£476,000	
Total mainstream budget	£1,895,977	£1,891,141	£1,960,917	£2,014,351	£7,762,386	
Overall programme total	£2,014,977	£2,010,141	£2,079,917	£2,133,351	£8,238,386	