

Agenda Item	4
Report No	NC/02/23

HIGHLAND COUNCIL

Committee: Nairnshire Committee

Date: 23 January 2023

Report Title: Nairnshire 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 Nairnshire 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 Nairnshire HRA Capital Programme at section 5 of the report and **Appendix 1**.
- II. **NOTE** the resources available to Nairnshire at 6.7
- III. **AGREE** the proposed investment priorities in the HRA Capital Programme for Nairnshire 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 Nairnshire and outlines the planned programme for 2023-27.

5 2022-23 Nairnshire 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 Nairnshire 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 Nairnshire HRA Capital Programme for 2023-2027:

Table 2: Nairnshire 2023-2027 HRA Capital Programme Resources

Year	Mainstream Investment £'000	Aids and Adaptations £'000	Total £'000
2023/24	880	73	953
2024/25	913	73	986
2025/26	945	73	1,018
2026/27	972	73	1,045

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 Nairnshire 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 Nairnshire 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 Nairnshire HRA Capital Programme Project Progress Update

Appendix 1

Delivery	Project Title	Comments
Local team	Equipment & adaptations Nairn	Works carried out on demand following referrals from Occupational Therapists. Identified works being progressed through local Maintenance Officer.
Local team	Heating replacements Nairn	Works being progress on demand through local Maintenance Officer. Works addressing any heating failures across Nairnshire.
Local team	Bathroom/kitchen/window replacements Nairn	Works progressing through local Maintenance Officer. Works carried out on demand and where element has failed. Generally identified at void stage.
Local team	External fabric Nairn	On demand works to roofing and external fabric works carried out through local Maintenance Officer.
Local team	Environmental improvements Ward 18	Member/tenant led budget. Priority projects identified at a local level, involving 'rate your estate' walk arounds.
Project management	CSH19051 Windows & Doors replacements - Nairn	Works completed on site. End of defects inspections to be carried out
Project management	CSH22001 Queens Park Nairn Windows & Doors Replacements	Addresses identified, checked and surveyed. Contract at mobilisation stage. Due on site March 2023.
Project management	CSH19039 Heating replacements - Nairn	Works completed on site.
Project management	CSH20007 Nairn Heating Replacements	Works completed on site.
Project management	CSH22004 Nairn Gas Heating Replacements 22-24	Works currently on site. Works to be completed Jan 2023.
Project management	CSH19047 Bathrooms Replacements – Nairn	Works completed on site. End of defects inspections to be carried out.
Project management	CSH19048 Kitchen Replacements - Nairn & B&S	Works completed on site and in defects period.
Project management	CSH20008 Nairn Bathroom Replacements	Works completed on site and in defects period.
Project management	CSH19071 Rewires Nairn	Works completed on site and in defects period.

Appendix 2

Draft Nairnshire HRA Capital Programme 23-27	2023/24	2024/25	2025/26	2026/27	Total	Comments
Equipment and adaptations						
Equipment and adaptations Nairnshire	£73,000	£73,000	£73,000	£73,000	£292,000	Works on demand following referrals from Occupational Therapists
Equipment and adaptations Nairnshire Total	£73,000	£73,000	£73,000	£73,000	£292,000	
Major Component Replacement						Comments
Kitchen replacement programme	£70,200	£70,200	£70,200	£70,200	£280,800	Kitchen programme Nairnshire as identified through interrogation of system data and inspection by local maintenance officer
Bathroom replacement programme	£70,200	£70,200	£70,200	£70,200	£280,800	Bathroom programme Nairnshire as identified through interrogation of system data and inspection by local maintenance officer
Rewiring programme	£70,200	£70,200	£70,200	£70,200	£280,800	Rewiring programme identified through interrogation of cyclical electrical check information
Major Component Replacement Total	£210,600	£210,600	£210,600	£210,600	£842,400	
Heating/energy efficiency works						Comments
Heating and energy efficiency works Nairn	£405,000	£423,000	£441,000	£459,000	£1,728,000	4 year energy efficiency works programme to focus on E, F and G rated properties along with replacement of old inefficient gas heating systems. Installation of solar PV and considered where technically feasible.
Windows and doors replacements	£97,161	£105,682	£114,190	£117,384	£434,417	Windows and doors programme identified through interrogation of system data and inspections by local maintenance officer

Heating/energy efficiency works Total	£502,161	£528,682	£555,190	£576,384	£2,162,417	
External Fabric (major component replacement)						Comments
External Fabric works	£39,598	£41,072	£42,544	£43,721	£166,935	External fabric works identified on demand by local maintenance officer
External Fabric works Total	£39,598	£41,072	£42,544	£43,721	£166,935	
External fabric (environmental improvements)						Comments
Environmental improvements	£43,998	£45,635	£47,271	£48,579	£185,483	Member led budget. Priority environmental capital projects identified through engagement with local team
Environmental improvements Total	£43,998	£45,635	£47,271	£48,579	£185,483	
Contingencies	£83,595	£86,706	£89,815	£92,301	£352,417	Budget provision to carry out unanticipated works

Mainstream Total	£879,953	£912,694	£945,420	£971,585	£3,709,652
Aids & Adaptations	£73,000	£73,000	£73,000	£73,000	£292,000
Total	£952,953	£985,694	£1,018,420	£1,044,585	£4,001,652