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| Agenda Item | 6. |
| Report No | HP/23/24 |

Committee: Housing and Property

Date: 6 November 2024

Report Title: Housing Revenue Account (HRA) Capital Monitoring Report to 30 September 2024

Report By: Assistant Chief Executive – Place

1 Purpose/Executive Summary

1.1 This report provides the Monitoring Statement for the Housing Revenue Account Capital Programme for the 2024/25 financial year to 30 September 2024. 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. **APPROVE** the budget position for the Housing Revenue Account Capital Programme 2024/25 to 30 September 2024.

3 Implications

3.1 **Resource** – Resource implications are detailed in the 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. An updated Strategic Programme is reported elsewhere to this Committee and will detail the Council's commitment to affordable housing supply for the next 5 years.

5.3 The 2024/25 new build budget has been prepared with reference to the available Scottish Government grant. Should there be an increase in available funding this may lead to an increase to the Council's overall spend as part of efforts to maximise any additional external funding.

6 HRA Capital Monitoring Statement to 30 September 2024

6.1 Mainstream HRA Capital Programme 2024/25

On the mainstream programme for investment in existing housing stock, expenditure to date and anticipated outturn are detailed at **Appendix 1** of this report.

6.2 Expenditure to date is £7.431m. At present the anticipated year-end expenditure on current year projects is estimated at £19.972m. It should be noted that the current year's mainstream budget of £27.781m includes £7.931m of funding carried forward from 2023/24. This largely relates to heating and energy efficiency works where profiling the work into future years can maximise the new external funding opportunities which are emerging. It also includes £1.873m of contingencies and retentions which are not expected to incur expenditure.

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 New Council House Build Programme 2024/25

On the new build part of the programme, expenditure to 30 September 2024 was £18.748 against the budget of £41.968m. The anticipated year-end outturn is estimated at £42.178m.

6.6 The agreed affordable new build programme 2024/25 has so far delivered 49 new Council homes to 30 September. There have also been 5 individual open market purchases this financial year. A targeted approach to these purchases will continue, to ensure they meet strategic housing demand needs and do not place cost pressures on existing revenue maintenance and capital budgets.

6.7 The current programme is scheduled to deliver 387 affordable homes by 31 March 2025 of which 189 will be Council houses. Further detail of the programme is provided in the Strategic Housing Investment Programme report to this Committee.

Designation: Assistant Chief Executive – Place

Date: 9 October 2024

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Appendices: Appendix 1 - Housing Revenue Account Capital Monitoring
Statement 2024/25 to 30 September 2024

Housing Revenue Account Capital Monitoring Statement 2024/25 to 30 September 2024

| | Net | Actual Net | Estimated Net | Actual Net | (Reprofiling)/Acceleration | Year End |
|---|---------------|---------------------|--------------------------|-----------------|----------------------------|--------------|
| Programme Description | Budget | Year to Date | Outturn | Variance | Net | (Under)/Over |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital Programme | | | | | | |
| Equipment and Adaptations | 1,030 | 354 | 754 | (276) | (276) | |
| Major Component Replacement | 2,096 | 795 | 2,115 | 19 | 19 | |
| Heating/Energy Efficiency | 17,918 | 4,930 | 13,001 | (4,917) | (4,917) | |
| External Fabric (Major Component Replacement) | 1,389 | 354 | 954 | (435) | (435) | |
| External Fabric (Environmental Improvements) | 1,653 | 49 | 1,200 | (453) | (453) | |
| Healthy, Safe and Secure | 1,822 | 948 | 1,948 | 126 | 126 | |
| Contingencies/Retentions | 1,873 | 0 | 0 | (1,873) | (1,873) | |
| Total 2024/25 Programme | 27,781 | 7,431 | 19,972 | (7,809) | (7,809) | 0 |
| Council House Building Capital Programme | | | | | | |
| New Council House Buildings | 40,219 | 18,056 | 40,419 | 200 | 200 | |
| Individual House Purchases | 1,749 | 692 | 1,759 | 10 | 10 | |
| Total Council Building Programme | 41,968 | 18,748 | 42,178 | 210 | 210 | 0 |
| OVERALL TOTAL | 69,750 | 26,179 | 62,150 | (7,600) | (7,600) | 0 |
| | | | | | | |
| | Net | Net | Year End Net | Year End Net | | |
| Funding | Budget | Year to Date | Estimated Outturn | Variance | | |
| | £000 | £000 | £000 | £000 | | |
| Investment Programme | | | | | | |
| Useable Capital Receipts | 368 | 123 | 368 | 0 | | |
| Government Grant | 16,000 | 9,241 | 16,000 | 0 | | |
| Landbank | 6,291 | | 6,291 | 0 | | |
| Evergreen Infrastructure Loan Fund | 2,852 | | 2,852 | 0 | | |
| Borrowing | 44,240 | 16,815 | 36,640 | (7,600) | | |
| GROSS FUNDING | 69,750 | 26,179 | 62,150 | (7,600) | | |