

The Highland Council

Agenda Item	8
Report No	HP/26/25

Committee: Housing and Property

Date: 13 August 2025

Report Title: Housing Revenue Account (HRA) Capital Monitoring to 31 March 2025 and to 30 June 2025

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 2024/25 financial year and also for Quarter 1 for 2025/26. 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 asked to:-
- Scrutinise** and **Approve** the final outturn figures for the Housing Revenue Account Capital Programme 2024/25; and
 - Scrutinise** and **Approve** the Quarter 1 figures and projected outturn for the Housing Revenue Account Capital Programme 2025/25.

3 Implications

- 3.1 **Resource** – Resource implications are detailed within 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.

6 Mainstream Capital Outputs 2022 – 2027

- 6.1 Table 1 shows capital investment deliverables against focus areas for the 2022-2027 Capital Programme up to the end of March 2025. The table does not include outputs for works currently in progress.

Table 1 – 2022-2027 Capital Programme Deliverables

Programme	Element	Count
Free From Serious Disrepair	New Roof	580
Energy Efficiency	Loft Insulation	3
	Wall Insulation	87
	Floor Insulation	1
	Front Door	1,579
	Back Door	1,279
	Windows	1,473
	Heating	2,167
	Solar Panels	651
Major Component Replacement	Bathroom	1,405
	Kitchen	1,468
	Full Re-wire	195

- 6.2 Energy Efficiency has been a major focus of the 2022-2027 Capital Programme with a range of measures delivered.
- 6.3 Housing continues to collaborate with the Climate Change & Energy Team and external agencies to access additional funding in support of capital investment. The estimated funding achieved through several external funding sources was £3.423m for 2024/25.
- 6.4 £9.1m of energy funding has been achieved through the ECO4 (Energy Company Obligation) funding for projects across Highland for 2025/26. A contractor on the heating framework has also been assisted to register with a managing agent to bring in £0.480m in ECO4 funding as part of the mainstream capital investment programme for a heating project; this ECO4 funding is paid to the contractor and shows up as a reduced Council spend per installation.
- 7 Final Outturn Monitoring Statement for 2024/25**
- 7.1 **Appendix 1** details the final outturn figures for the HRA Capital Programme 2024/25. It reports a final outturn figure of £60.842m against a budget of £69.750m.
- 7.2 **Mainstream HRA Capital Programme**
On the mainstream programme for investment in existing housing stock, the final outturn was £22.309m against the budget of £27.781m; this reflects some of the reduced spend as a result of attracting funding as referred to at Section 6.3 of this report and also the impact of not spending £0.823m of the contingency budget.
- 7.3 Ongoing construction industry labour and material shortages continue to cause longer lead-in times, higher prices and price volatility.
- 7.4 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.
- 7.5 **New Council House Build Programme 2023/24**
On the new build part of the programme, the final outturn was £38.533m against the budget of £41.968. The variation has been a combination of delays with projects on site into the first quarter of 2025/26 and changing tenure of properties on site after the budget was set. Changing tenure from social rent to either low-cost home ownership or mid-market rent automatically reduces the council house build costs as these are funded by other partners or the Landbank. The two main sites which contributed to this were Blar Mor Phase 2 and Kingussie Northeast. On each of these sites the objective was to have mixed tenure; however, at the time of budget-setting, a funding package particularly for mid-market rent was not available; this was resolved, and 26 units were transferred from the Council house build which impacted on the budgeted spend. The mid-market rent properties have been targeted at working households with housing needs who would struggle otherwise to find affordable accommodation in these locations.
- 7.6 The agreed affordable new build programme 2024/25 delivered 315 affordable homes of which 138 were new Council homes. A further eighteen homes were delivered through one-off individual purchases.

- 7.7 The current programme seeks to deliver 536 new homes by 31 March 2026; 176 of these will be new Council homes and up to twenty one-off individual purchases.

8 **Quarter 1 Monitoring Statement for 2025/26**

- 8.1 **Appendix 2** details the Quarter 1 position for the HRA Capital Programme 2025/26. It reports a current spend of £12.403m against a budget of £66.333m.
- 8.2 The major anticipated variance is against the mainstream HRA programme. Section 6.4 of this report details the anticipated external funding for energy works in 2025/26 which allows many of these works to be delivered without recourse to HRA borrowing.

Designation: Assistant Chief Executive - Place

Date: 23 July 2025

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Appendices: Appendix 1 - Housing Revenue Account Capital Monitoring Statement 2024/2025
Appendix 2 - Housing Revenue Account Capital Monitoring Statement Q1 2025/2026

Housing Revenue Account Capital Monitoring Statement 2024/2025

Project Description	Revised Net Budget	Actual Net Year to Date	Year End Net Outturn	Year End Net Variance	(Reprofiling)/Acceleration Net	Year End (Under)/Over
	£000	£000	£000	£000	£000	£000
Capital Programme 2024/25						
Equipment and Adaptations	924	799	799	(124)	(124)	
Major Component Replacement	2,365	2,184	2,184	(181)	(181)	
Heating/Energy Efficiency	18,892	16,940	16,940	(1,952)	(1,952)	
External Fabric (Major Component Replacement)	1,689	689	689	(1,000)	(1,000)	
External Fabric (Environmental Improvements)	1,497	364	364	(1,132)	(1,132)	
Healthy, Safe and Secure	1,591	1,330	1,330	(260)	(260)	
Contingencies/Retentions	825	2	2	(823)	(823)	
Total 2024/25 Programme	27,781	22,309	22,309	(5,472)	(5,472)	0
Council House Building Capital Programme						
New Council House Buildings	40,219	37,443	37,443	(2,776)	(2,776)	
Individual House Purchases	1,749	1,090	1,090	(660)	(660)	
Total Council Building Programme	41,968	38,533	38,533	(3,436)	(3,436)	0
OVERALL TOTAL	69,750	60,842	60,842	(8,908)	(8,908)	0

Funding	Revised Net Budget	Actual Net Year to Date	Year End Net Outturn	Year End Net Variance
	£000	£000	£000	£000
Useable Capital Receipts	368	1,626	1,626	1,258
RHI Income			0	0
Government Grant	16,000	15,834	15,834	(166)
Landbank	6,291	2,808	2,808	(3,483)
Evergreen Infrastructure Loan Fund	2,852		0	(2,852)
Contribution to Individual Property/VDLF			0	0
Borrowing	44,240	40,574	40,574	(3,666)
GROSS FUNDING	69,750	60,842	60,842	(8,908)

Housing Revenue Account Capital Monitoring Statement Q1 2025/2026

Project Description	Net Budget	Actual Net Year to Date	Year End Estimated Net Outturn	Year End Net Variance	(Reprofiling)/ Acceleration Net
	£000	£000	£000	£000	£000
Capital Programme 2025/26					
Equipment and Adaptations	1,124	169	966	(158)	(158)
Major Component Replacement	2,592	640	2,282	(310)	(310)
Heating/Energy Efficiency	15,240	2,940	11,625	(3,615)	(3,615)
External Fabric (Major Component Replacement)	491	100	391	(100)	(100)
External Fabric (Environmental Improvements)	2,251	80	2,079	(172)	(172)
Healthy, Safe and Secure	3,605	285	3,315	(290)	(290)
Contingencies/Retentions	2,781	0	0	(2,781)	(2,781)
Total 2025/26 Programme	28,084	4,214	20,658	(7,426)	(7,426)
Council House Building Capital Programme					
New Council House Buildings	34,949	7,264	34,949	0	0
Individual House Purchases	3,300	925	3,300	0	0
Total Council Building Programme	38,249	8,189	38,249	0	0
OVERALL TOTAL	66,333	12,403	58,907	(7,426)	(7,426)

Funding	Net Budget	Net Year to Date	Year End Estimated Net Outturn	Year End Estimated Net Variance
	£000	£000	£000	£000
Useable Capital Receipts				0
RHI Income				0
Government Grant	13,179	3,240	13,179	0
Landbank	2,084		2,084	0
Evergreen Infrastructure Loan Fund			0	0
Capital from Current Revenue	1,348		1,348	0
Borrowing	49,722	9,164	42,296	(7,426)
GROSS FUNDING	66,333	12,404	58,907	(7,426)