

Agenda Item	7
Report No	HP/38/25

Committee: Housing and Property

Date: 5 November 2025

Report Title: Housing Revenue Account (HRA) Capital Monitoring Report to 31 August 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 to 31 August 2025. 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 expenditure to 31 August 2025 and the projected outturn for the Housing Revenue Account Capital Programme 2025/26.

3 Implications

3.1 **Resource** – The 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 6 November 2024 as part of the Council’s Strategic Housing Investment Programme 2025-2030. 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 below shows capital investment outputs against focus areas for the 2022 – 2027 Capital Programme up to the end of August 2025. The table does not include outputs for works currently in progress.

Table 1 – 2022-2027 Capital Programme Outputs

Programme	Element	Count
Free From Serious Disrepair	New Roof	641
Energy Efficiency	Loft Insulation	3
	Wall Insulation	139
	Floor Insulation	1
	Front Door	1,661
	Back Door	1,337
	Windows	1,545
	Heating	2,296
	Solar Panels	703
Major Component Replacement	Bathroom	1,434
	Kitchen	1,504
	Full Re-wire	207

6.2 Energy Efficiency has been a major focus of the 2022 – 2027 Capital Programme with multiple energy efficiency measures delivered across Highland communities.

6.3 Housing and Building Maintenance continues to collaborate with the Climate Change & Energy Team and external agencies to access additional funding in support of capital investment. £9.1m of energy funding has been achieved through the Energy Company Obligation (ECO4) funding for projects across Highland for 2025/26.

6.4 The addition of £1.348m capital from current revenue funding was approved as part of the Revenue Estimates 2025/26. To date:-

- £0.350m of expenditure has delivered 45 energy efficiency measures to 36 houses. This includes solar panels, insulation and new heating.
- £0.173m of expenditure has delivered window and door replacement works to 18 houses.
- £0.825m has been ringfenced for a proposed energy efficiency project. This project is subject to confirmation following a bid to the Scottish Government's Net Zero Infrastructure Fund. The bid is on the basis that the HRA investment will be "matched" by Net Zero investment to take the project to an overall budget of £2m. This will fund 80 air source heat pumps and 56 solar panels.

Drawdown of revenue funds will be completed in Quarter 4 2025/26.

7 August Monitoring Statement for 2025/26

7.1 **Appendix 1** details the position for the HRA Capital Programme 2025/26 at 31 August 2025. It reports a current spend of £16.391m against a budget of £66.333m. It is anticipated that end of year spend will be just over £58m. Increased use of external grants for energy efficiency works is reflected in reduced reliance on borrowing for capital works.

7.2 Mainstream HRA Capital Programme

On the mainstream programme for investment in existing housing stock, the estimated outturn is £21.979m against the budget of £28.084m.

7.3 The variance figure is cumulative over the 5-year programme and includes contingencies which have not been required. The Capital Investment Team is working on profiling remaining expenditure and commitments to the end of 2027.

7.4 Energy efficiency projects account for 56% of the mainstream programme. The Capital Investment Team is working closely with the Climate Change and Energy Team to maximise external sources of funding including ECO4 and Social Housing Net Zero Fund.

7.5 New Council House Build Programme 2025/26

In relation to the new build part of the programme, expenditure to 31 August 2025 was £8.4m against a budget of £34.949m. The anticipated year-end outturn is estimated to be £32.725m. The variation in projected spend has been a result of profiling of major projects.

- Rosskeen – delayed due to planning issues.
- Dores – delayed due to planning issues.
- Cromlet Phase 2 – delayed due to challenging costs and the requirement for technical appraisal by Scottish Government.
- Torvean – delayed due to complexity of site design and planning process.
- St Valery Inverness – delay in receipt of funding offer from the Veterans Fund.

The spend profile will be monitored closely over the forthcoming months for a further update at January Committee.

- 7.6 The agreed affordable new build programme 2025/26 has so far delivered 142 new Council homes to 30 September 2025. There have also been 13 individual open market purchases this financial year. Two of these purchases have been made through the Rural Keyworkers Fund. 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.
- 7.7 The current programme is scheduled to deliver 545 affordable homes by 31 March 2026 of which 241 will be Council houses.

Designation: Assistant Chief Executive - Place

Date: 6 October 2025

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Appendices: Appendix 1 -Housing Revenue Account Capital Monitoring Statement to 31 August 2025

Housing Revenue Account Capital Monitoring Statement to 31 August 2025

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	318	813	(311)	(311)
Major Component Replacement	2,667	896	2,267	(400)	(400)
Heating/Energy Efficiency	15,661	4,948	13,250	(2,412)	(2,412)
External Fabric (Major Component Replacement)	491	183	446	(46)	(46)
External Fabric (Environmental Improvements)	2,251	140	2,003	(248)	(248)
Healthy, Safe and Secure	4,695	514	3,200	(1,495)	(1,495)
Contingencies/Retentions	1,194	12	0	(1,194)	(1,194)
Total 2025/26 Programme	28,084	7,013	21,979	(6,105)	(6,105)
Council House Building Capital Programme					
New Council House Buildings	34,949	8,401	32,725	(2,224)	(2,224)
Individual House Purchases	3,300	978	3,300	0	0
Total Council Building Programme	38,249	8,189	38,249	(2,224)	(2,224)
OVERALL TOTAL	66,333	16,391	58,004	(8,329)	(8,329)

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	482	2,084	0
Evergreen Infrastructure Loan Fund			0	0
Capital from Current Revenue	1,348		1,348	0
Borrowing	49,722	12,849	41,392	(8,329)
GROSS FUNDING	66,333	16,391	58,004	(8,329)