

Agenda Item	6
Report No	HP/03/26

The Highland Council

Committee: **Housing and Property**

Date: **28 January 2026**

Report Title: **Housing Revenue Account (HRA) Capital Monitoring Report to 30 November 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 30 November 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 monitoring figures and projected outturn for the Housing Revenue Account Capital Programme 2025/26.

3 Implications

3.1 **Resource** – The resource implications are set out in the report.

3.2 **Legal** - There are no implications arising from this report.

3.3 **Risk** - Implications on 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 5 November 2025 as part of the Council's Strategic Housing Investment Programme 2026-2031. Increasing the supply of affordable housing in Highland is core action in both the Council's Operational Delivery Plan and in the Highland Housing Challenge Partnership Action Plan which was agreed at Council in June 2025 and a summary on progress is subject to a separate report to this Committee.

6 **Mainstream Capital Outputs April – December 2025**

6.1 Table 1 shows capital investment outputs against focus areas for the 2025/26 Capital Programme up to the end of December 2025. The table does not include outputs for works currently in progress.

Table 1 – 2025/26 Capital Programme Outputs to date

Programme	Element	Count
Free From Serious Disrepair	New Roof	147
	Wall Insulation	271
	Front Door	404
	Back Door	319
	Windows	412
	Heating	577
	Solar Panels	679
Major Component Replacement	Bathroom	175
	Kitchen	196
	Full Re-wire	6

6.3 Energy Efficiency has been a major focus of the 2025/26 Capital Programme with 2,662 energy efficiency measures delivered across more than 1,500 homes to date.

6.4 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 ECO4 funding for projects across Highland for 2025/26. This funding has supported additional outputs across a range of measures in the 2025/2026 year. The Asset Strategy Team will continue to identify external funding opportunities in support of capital programmes.

6.5 The allocation of £1.348 million from current revenue funding, from the 2025/26 rent increase, will be drawn down in quarter 4. The funding has been fully spent and has enabled a range of measures aimed at improving energy efficiency and reducing fuel poverty. This has included the delivery of an additional 50 external wall insulation installations and 80 window and door replacements. The additional funding has further enabled the delivery of a programme to improve Energy Performance Certificates with the goal of achieving a C rating (D-C programme). This programme incorporates a mix of measures, including air source heat pumps, solar panels, and cavity wall insulation. The funds have also supported the installation of heating systems in properties, which were not eligible for external funding.

7 HRA Capital Monitoring Statement for 2025/26

7.1 **Appendix 1** details the position for the HRA Capital Programme 2025/26 at 30 November 2025. It reports a current spend of £28.882m against a budget of £66.333m.

7.2 Mainstream HRA Capital Programme

On the mainstream programme for investment in existing housing stock, the estimated outturn is £21.064 against the budget of £28.084m.

7.3 The variance figure of £7.019m is cumulative over the 5-year programme. This includes contingency costs and reflects the additional external funding achieved for energy efficiency works as detailed at section 6.4. The Capital Investment Team is working on profiling remaining expenditure and commitments to the end of 2027 to reflect the additionality within the programme provided through the external funding allocations.

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 newbuild part of the programme, expenditure to end December 2026 was £14.3m against the annual budget of £34.95m. The anticipated year end outturn is estimated to be £27.54m. As reported previously, the lower projected spend is due to delays which required projects to be reprofiled, due to a combination of planning issues and issues with project costs.

7.6 The number of units committed by tender in the year should remain the same with spend adjusted to fall across 2026/2027 and 2027/2028. The risk associated to achieving this is the level of submitted tender costs and the degree of scrutiny required both internally and by Scottish Government to enable project approvals to be issued before 31 March 2026.

7.7 The current programme is scheduled to deliver 545 affordable homes by 31 March 2026 of which 241 will be Council houses. This includes approximately 30 individual house purchases, the budget of which is anticipated to be fully spent at year-end.

Designation: Assistant Chief Executive - Place

Date: 13 January 2026

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Appendices: Appendix 1 - Housing Revenue Account Capital Monitoring Statement to 30 November 2025

Housing Revenue Account Capital Monitoring Statement to 30 November 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	621	827	(297)	(297)
Major Component Replacement	2,667	1,897	2,613	(54)	(54)
Heating/Energy Efficiency	15,661	7,737	13,005	(2,656)	(2,656)
External Fabric (Major Component Replacement)	491	412	523	32	32
External Fabric (Environmental Improvements)	2,251	423	1,026	(1,225)	(1,225)
Healthy, Safe and Secure	4,695	1,164	3,069	(1,625)	(1,625)
Contingencies/Retentions	1,194	15	350	(1,194)	(1,194)
Total 2025/26 Programme	28,084	12,270	21,064	(7,019)	(7,019)
Council House Building Capital Programme					
New Council House Buildings	34,949	14,315	27,542	(7,407)	(7,407)
Individual House Purchases	3,300	2,297	3,300	0	0
Total Council Building Programme	38,249	16,612	30,842	(7,407)	(7,407)
OVERALL TOTAL	66,333	28,882	51,906	(14,426)	(14,426)

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	6,500	13,179	0
Landbank	2,084	3,066	3,066	982
Evergreen Infrastructure Loan Fund			0	0
Capital from Current Revenue	1,348	0	1,348	1,348
Borrowing	49,722	19,316	34,313	(15,408)
GROSS FUNDING	66,333	28,882	51,907	(14,426)