

<b>Joint Report of:</b>	<b>Head of Finance Head of Housing and Partnerships</b>
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<b>Portfolio Leader:</b>	<b>Housing, Heritage &amp; Leisure</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet: 02/02/22 Council: 16/02/22</b>

**Cabinet**  
**2 February 2022**  
**Housing Revenue Account Capital Programmes 2021/22 to 2024/25**

**1 Purpose of Report**

- 1.1 To review the 2021-22 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2022-23 to 2024-25.
- 1.3 To present an updated four-year Housing Revenue Account Capital Programme for consideration by Council on 2 February 2022.

**2 Recommendation(s)**

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2021-22 to 2024-25 (as set out in Appendix 1) be noted.
- 2.2 That Council on 16 February 2022 is recommended to approve the Housing Revenue Account Capital Programme for the period 2021-22 to 2024-25 (as set out in Appendix 2).

### 3 Key Issues and Reasons for Recommendations

#### Key Issues

- 3.1 This report considers the refreshed HRA Capital Programme for the period 2022-23 to 2024-25, together with the forecast outturn for 2021-22, compiled within the financial framework provided by the Approved HRA Business Plan.
- 3.2 Details of the estimated availability of HRA capital resources during the four-year period are set out in Appendix 1, whilst the HRA Capital Programme is set out in Appendix 2.
- 3.3 A strategy is currently being developed to reflect the Council's New Build requirement to increase social housing based upon the housing needs of the district and land availability, developing zero carbon new homes (passivhaus standard) and a retrofit (carbon zero programme) for existing stock.

#### Reason for Recommendations

- 3.4 Cabinet is required to propose a budget in relation to the HRA for submission to Council on the 16 February 2022.

### 4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets will contribute to the delivery of new social housing, the maintenance of housing standards and enable our residents to live healthy and happy lives, as reflected in the Council's Corporate Plan.

### 5 Report Detail

- 5.1 The current capital programme was based upon the previously approved 30-year Business Plan, with a new 30-year Business Plan being developed based upon the full implications of the Government's future Rent policy, a Stock Condition Survey and a New Build Strategy. In particular, the refreshed 30-year Business Plan needed to address the Council's intention to be a Net Zero Carbon District by 2030 following the declaration of a Climate Emergency by the Council in 2019.
- 5.2 Covid 19 has had a detrimental impact on the current year's capital programme with a backlog of work arising from lockdown periods and the underlying requirement to socially distance. In particular, in addition to slippage of programmed work from 2021-22 to 2022-23, a delay has occurred in the commissioning of a Stock Condition Survey and a costed Climate Change Action Plan, key elements of a new 30-year HRA Business Plan.
- 5.3 The current Capital Programme therefore reflects the existing 30-year Business Plan requirements pending an evaluation of developments in energy efficiency and retrofitting, new build requirements and the ongoing impact of COVID19 on social housing.

### **HRA Capital Programme 2021-22 to 2024-25**

- 5.4 A proposed HRA Capital Programme for 2022-23 to 2024-25, together with the forecast outturn for 2021-22 is set out in Appendix 2.
- 5.5 The Programme shows reductions in central heating and electrical upgrades and Disabled Facilities Works, whereas there is an increase in kitchen and bathroom replacements.
- 5.6 The Kitchen and Bathroom provisions assume a 20-year life of these cyclical upgrade programmes. In addition to an increase in material prices that is evident across all capital works programmes, the kitchen and bathroom specifications have been enhanced. This is to provide a comparable upgrade in the existing stock with those in new stock; and to make our existing stock more attractive and modern to families in line with other registered providers. Such enhancements include an additional option for a shower over a bath, shaving points and wall boards/panels in lieu of tiling.
- 5.7 The existing Housing Investment Fund Programme is now fully committed with the Aelfgar site acquired and planning application in train for the Council owned site in Chadsmoor completing this initial £12.9 million programme
- 5.8 The Capital programme includes the following new Schemes:
- Communal Block Fire Risk Actions.
  - Manual Call Point Project - to allow testing of fire alarms in blocks of flats with communal areas.

### **Estimated Availability of HRA Capital Resources**

- 5.9 Details of the estimated availability of HRA capital resources for the period 2021-22 to 2024-25 are set out in Appendix 1. These are in accordance with the assumptions in the Business Plan with subsequent adjustments to reflect:-
- (i) The anticipated outturn in respect of the 2021-22 HRA Capital Programme;
  - (ii) Amendments to the net revenue contribution to capital outlay following the detailed budget formulation work in respect of the Housing Revenue Account.
- 5.10 New capital resources for the period 2021-22 to 2023-24 show a reduction in resources of £0.265 million as compared to the original estimates for that period, with the net contribution from Revenue (Major Repairs Allowance and RCCO) being down by £0.265 million reflecting in part the reduction in rent income forecast as a result of Covid 19 and an increase in void loss.
- 5.11 In relation to the new Capital Programme year of 2024-25 new resources amount to £6.627 million as compared to capital programme expenditure of £7.026 million, a net decrease in resources of £0.399 million.

## 6 Implications

### 6.1 Financial

The financial implications have been referred to throughout the report.

### 6.2 Legal

None.

### 6.3 Human Resources

None.

### 6.4 Risk Management

There are a number of risks associated with the inadequate management of the HRA Capital Programme. These risks are minimised by the Council's agreed Capital Expenditure Control Procedures which includes a requirement for regular monitoring including quarterly reports to Cabinet.

### 6.5 Equality & Diversity

The revised HRA Business Plan has been subject to an Equality Impact Assessment (EIA). As the proposed HRA Capital Programme for the period 2020-21 to 2023-24 has been formulated in accordance with the revised Business Plan, the Business Plan EIA also applies to the proposed four-year Capital Programme.

The outcome of the Business Plan EIA is that it would have a positive impact for certain of the protected characteristics with no identified negative implications.

### 6.6 Climate Change

A strategy is currently being developed to reflect the Council's New Build requirement to increase social housing based upon the housing needs of the district and land availability, developing zero carbon new homes (passivhaus standard) and a retrofit (carbon zero programme) for existing stock.

## 7 Appendices to the Report

Appendix 1: Estimated Housing Revenue Capital Resources 2021-22 to 2024-25

Appendix 2: Housing Revenue Account Capital Programme 2021-22 to 2024-25

### Previous Consideration

None.

### Background Papers

None.

**Estimated Availability of Housing Revenue Account  
Capital Resources 2021-22 to 2024-25**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Unallocated</b>
<b>Resource</b>	£000	£000	£000	£000	£000
<b>Brought forward</b>	<b>18,866</b>	<b>18,636</b>	<b>16,138</b>	<b>18,718</b>	<b>18,319</b>
Borrowing	0	0	3,022	0	
Right to Buy receipts	330	390	390	390	
WM Combined Authority Grant	263	0	0	0	
Other capital receipts	55	127	55	55	
Revenue Contributions to Capital	1,281	1,208	1,094	1,131	
Major Repairs Allowance	4,313	4,478	4,755	4,962	
Affordable housing receipts	89	89	89	89	
<b>Total new resources</b>	<b>6,331</b>	<b>6,292</b>	<b>9,405</b>	<b>6,627</b>	<b>0</b>
Total Capital resources (b/f + new)	25,197	24,928	25,543	25,345	18,319
Proposed capital expenditure	-6,561	-8,790	-6,825	-7,026	-11,740
<b>Carried forward</b>	<b>18,636</b>	<b>16,138</b>	<b>18,718</b>	<b>18,319</b>	<b>6,579</b>

**Housing Revenue Account  
Capital Programme 2021-22 to 2024-25**

	2021-22	2022-23	2023-24	2024-25	Unallocated
Description	£000	£000	£000	£000	£000
Demolition of Garages	16				
Disabled Facilities Works	675	369	372	371	
Right to Compensation	1	5	5		
Replacement of Kitchens	16	2,076	2,027	2,225	
Replacement of Bathrooms	111	1,595	1,587	1,880	
Replacement of Central Heating	998	922	794	813	
External and Environmental Works	128	1,454	642	640	
Provision of Double Glazing	5				
Replacement of Social Alarms	1	1			
Upgrading of Electrical Systems	840	894	872	862	
Resurfacing of Driveways		200	200	100	
Replacement of Vehicles	45	408	13		
Contingency for unforeseen works		120	123	125	
Sheltered Scheme Works	160	144	170		
Hillsprings Fire Alarm		30			
St Barbara Lift Replacement	12	18			
3 Sheltered Lift Replacements		132			
Hawks Green	2,039				
Aelfgar site	1,514				
Stock condition contingency					2,500
New Build					9,240
Environmental work		60			
Communal Block Door Entry System		65			
Communal Block Fire Risk Actions		277	20	10	
MCP Project		20			
<b>Totals</b>	<b>6,561</b>	<b>8,790</b>	<b>6,825</b>	<b>7,026</b>	<b>11,740</b>