

Joint Report of:	Head of Finance / Head of Housing and Partnerships
Contact Officer:	Bob Kean Nirmal Samrai
Contact Number:	01543 464334 01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 28/01/21 Council: 10/02/21

Cabinet

28 January 2021

Housing Revenue Account Capital Programmes 2020-21 to 2023-24

1 Purpose of Report

- 1.1 To review the 2020-21 HRA Capital Programme.
- 1.2 To refresh the Housing Revenue Account Capital Programme budgets for the period 2021-22 to 2023-24.
- 1.3 To present an updated four year Housing Revenue Account Capital Programme for consideration by Council on 10 February 2021.

2 Recommendation(s)

- 2.1 That the estimated availability of Housing Revenue Account capital resources for the period 2020-21 to 2023-24 (as set out in Appendix 1) be noted.
- 2.2 To note that a further £12million investment fund is anticipated to be available up to and including 2027-28 with its implementation to be determined in accordance with a revised Housing Investment Strategy for the period 2023-24 to 2027-28.
- 2.3 That Council, on 10 February 2021, is recommended to approve the Housing Revenue Account Capital Programme for the period 2020-21 to 2023-24 (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 2021-22 to 2023-24, together with the forecast outturn for 2020-21, 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 The Capital Programme identifies that a further potential £12 million investment programme, to supplement the existing £12.9million Housing Investment Programme, will be available up to and including 2027-28.
- 3.4 A Strategy, to reflect the Councils New Build requirement to increase social housing based upon the housing needs of the district and land availability; developing zero carbon new homes; and a retrofit (carbon zero programme) for existing stock is being developed for the period 2023-24 to 2027-28.

Reasons for Recommendations

- 3.5 Cabinet are required to propose a budget in relation to the HRA Capital Programme for submission to Council on the 10 February.

4 Relationship to Corporate Priorities

- 4.1 The proposed HRA budgets would contribute to the following strategic objectives, which form part of the Housing Portfolio section within the 2020-21 “More and Better Housing” Priority Delivery Plan, i.e.
 - (i) Increase the supply of affordable housing.
 - (ii) Improving the Council’s social housing stock.
- 4.2 The proposed budgets consider the motion detailed from Council on 17th July 2019, where Council agreed to “the expansion of community energy to keep the benefits of our local energy generation in our local economy”, to meet “carbon neutrality by 2030” and to “Continue to work with partners anchored in the area to deliver carbon reductions and grow the local economy”.

5 Report Detail

- 5.1 The current capital programme covers the five year period 2018-19 to 2022-23 and includes a £12.9m Housing Investment Strategy. The 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 (including the removal of the borrowing cap on the HRA). 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 in Cannock Chase District by Council in 2019.

- 5.2 Covid 19 has had a detrimental impact on the current years 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 2020-21 to 2021-22, a Stock Condition Survey is still to be commissioned together with a costed Climate Change Action Plan which is to be developed over the coming years to support 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.
- 5.4 The report therefore identifies the potential scope of resources available post 2022-23 with its implementation to be determined in accordance with the revision of the Housing Investment Strategy, to be developed over the coming years.

HRA Capital Programme 2020-21 to 2023-24

- 5.5 A proposed HRA Capital Programme for 2021-22 to 2023-24, together with the forecast outturn for 2020-21 is set out in Appendix 2.
- 5.6 The Programme shows reductions in central heating and electrical upgrades whereas there is an increase in kitchen and bathroom replacements. The major change is in relation to External and Environmental improvements, pending a new contract arising from the Stock Condition Survey, with external doors, fascias and soffits each showing a reduction in requirements.
- 5.7 The existing Housing Investment Fund Programme is now fully committed with the Aelfgar site acquired subject to contract and a planning application in progress for the Council owned site in Chadsmoor completing this initial £12.9 million programme.
- 5.8 The Capital programme includes the following new Schemes:
- Sheltered Scheme Fire Safety Works
 - HRA vehicles
 - Sheltered Scheme Lift replacements
 - Improvements to Bin Stores
 - Maintenance of External Staircases
 - Communal Block Door Entry System

Estimated Availability of HRA Capital Resources

- 5.9 Details of the estimated availability of HRA capital resources for the period 2020-21 to 2023-24 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 2020-21 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 2020-21 to 2022-23 show a reduction in resources of £0.577 million as compared to the original estimates for that period, with the net contribution from Revenue (Major Repairs Allowance and RCCO) being down by £0.590 million reflecting in part the reduction in rent increases forecast as a result of Covid 19 and the CPI level at September 2020.
- 5.11 The Capital Programme however shows a reduction in expenditure of £4.263 million. Available Capital Resources as at 31 March 2023 after taking into account the existing Housing Investment Programmed expenditure of £11.740 million shows uncommitted resources of £6.744 million. 5.12 In relation to the new Capital Programme year of 2023-24 new resources amount to £6.394 million as compared to capital programme expenditure of £5.086 million, a net increase in resources of £1.308 million.
- 5.13 Preliminary projections, in accordance with the existing Business Plan, anticipate a net increase of £4m over the period 2024-25 to 2027-28 resulting in potential available resources of £12million to supplement the existing Housing Investment Programme to support the determination of the Stock Condition Survey, the revised 30 year HRA Business Plan, the Costed Climate Change Action Plan and the Housing Investment Strategy in the years to come.

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, 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; and a retrofit (carbon zero programme) for existing stock is currently being developed. Both the scheme proposals for the Aelfgar Development Scheme and the site in Chadsmoor will be developed using the passivhaus standard.

7 Appendices to the Report

Appendix 1: Estimated Housing Revenue Account Capital Resources 2020-21 to 2023-24

Appendix 2: Housing Revenue Account Capital Programme 2020-21 to 2023-24

Previous Consideration

None.

Background Papers

None.

Estimated Availability of Housing Revenue Account Capital Resources 2020-21 to 2023-24

<u>Resource</u>	<u>2020-21</u> £000's	<u>2021-22</u> £000's	<u>2022-23</u> £000's	<u>2023-24</u> £000's	<u>Capital</u> <u>Programme</u>
Resources Brought Forward	13,113	16,781	17,517	18,484	19,792
Borrowing		3,022			
RTB Sales (Allowable Attributable Debt)	300	330	390	390	
WMCA – Grant	637	263			
Capital Receipts Other	663	91	91	55	
Revenue Contributions to Capital Outlay	1,914	1,288	1,170	929	
Major Repairs Allowance	4,271	4,417	4,659	4,931	
Transfer from Reserves:					
Affordable Housing Receipts	169	89	89	89	
Total New Resources	<u>7,954</u>	<u>9,500</u>	<u>6,399</u>	<u>6,394</u>	<u>0</u>
Total Capital Resources	<u>21,067</u>	<u>26,281</u>	<u>23,916</u>	<u>24,878</u>	<u>19,792</u>
<u>Less Proposed Expenditure</u>	<u>(4,286)</u>	<u>(8,764)</u>	<u>(5,432)</u>	<u>(5,086)</u>	<u>(11,740)</u>
Agreed resources carried forward	<u>16,781</u>	<u>17,517</u>	<u>18,484</u>	<u>19,792</u>	<u>8,052</u>

Housing Revenue Account Capital Programme 2020-21 to 2023-24

Scheme	<u>20-21</u> <u>£000's</u>	<u>21-22</u> <u>£000's</u>	<u>22-23</u> <u>£000's</u>	<u>23-24</u> <u>£000's</u>	<u>Cap</u> <u>Prog</u>
Demolition of Garages	75	13	-	-	
Environmental Work	-	60	-	-	
Communal Block Door Entry System	-	65	-	-	
Sheltered Lift Replacements	-	132	-	-	
Disabled Facilities Works	661	665	376	377	
Right to Compensation (Tenants Improvements)	5	5	5	5	
Replacement of Kitchens	16	259	1,272	1,276	
Replacement of Bathrooms	42	229	1,187	1,191	
Replacement of Central Heating	701	971	811	787	
External and Environmental Works	38	1,476	644	651	
Provision of Double Glazing	-	13	13	-	
Replacement of Social Alarms	-	2	-	-	
Upgrading of Electrical Systems	479	911	699	563	
Resurfacing of Driveways	-	200	100	100	
Replacement of Housing Service Vehicles	201	201	205	13	
Contingency	-	117	120	123	
Sheltered Scheme	-	474	-	-	
Hillsprings Fire alarm	30	-	-	-	
St Barbara Lift replacement	30	-	-	-	
Hawks Green	1,929	1,450	-	-	
Aelfgar Site	79	1,521	-	-	
New Build	-	-	-	-	9,240
Stock Condition survey	-	-	-	-	2,500
TOTAL:	4,286	8,764	5,432	5,086	11,740