

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 15 NOVEMBER 2016

UPDATE ON HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE PLAN

REPORT BY HEAD OF PLANNING AND PLACE

ABSTRACT

This report provides members with an update on the success of Housing Revenue Account (HRA) Capital Expenditure Plan since 2011/12, and outlines future planning proposals.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes the content of this report and the improvements made to the Council's housing stock.
- (ii) approves that the HRA Business Plan is reviewed, including an analysis of how much additional financial investment can be directed towards the Capital Programme in future years, and that the outcome of this review be presented to the Communities Committee early in 2017.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our communities are developed in a sustainable manner.

3. BACKGROUND

3.1 Members receive Capital and Revenue performance reports on the HRA in February each year. These reports outline the actual Capital and Revenue spend together with projected outturns for the year to 31 March and any required updated capital funding proposals (Report 45/16 refers). There are also regular Capital monitoring reports set before members during each financial year, the latest of which is also being considered at this committee meeting.

3.2 As part of the rent setting process members also receive estimates of income and expenditure on the HRA for the financial year to date, and background for the review of rents and charges for the year (Report 46/16 refers).

3.3 This report seeks to provide Members with an update on the successful new build programme and improvements to Council housing stock delivered as a result of the Capital Expenditure Plan since 2011/12.

3.4 The Council's customers are also involved in the planning of resources and investments through the Tenants Steering Group. The group are consulted on all major proposals, and contribute to the prudent use of tenants' rental income through regular review and scrutiny. They also play an important role in agreeing standards and specifications for both new build and stock improvement projects.

3.5 The Council's Capital programme and investment in new affordable homes should also be considered in the context of the wider strategic role the Council has with its partners, most notably the Scottish Government and Registered Social Landlords (RSLs). The extensive

programme of new build affordable homes development for all social housing providers is detailed in the report also at this committee, on the Strategic Housing Investment Plan (SHIP), which sets out the investment priorities across Angus for all affordable housing over a five year period to achieve the strategic vision set out in the Angus Local Housing Strategy (LHS).

4. CURRENT POSITION

4.1 Over the 5 years from 2011/12 the Council has invested around £50M of its own resources in its new build programme and improvements to existing stock through the HRA Capital Programme.

4.2 New Build

The Council commenced on its new build programme in 2011 investing £19M between then and 2016. 178 new Council homes have been completed, with a further 83 in progress. **Appendix 1** provides further information on these developments. These new houses not only increase the Council's stock of high quality energy efficient homes, they also have a multiplier effect, creating a chain of allocations for customers on the Housing waiting list. The new homes are offered to existing tenants, creating vacancies which are offered to other applicants in turn, and in this way doubling the number of offers to customers.

4.3 The programme has been supported by Scottish Government grant funding of around £7M, and an additional £2M from other funding sources including the Affordable Housing Account.

4.4 Improvements to Existing Stock

Since 2011 the Council has invested around £31m in improving its existing stock. This includes:

- Over £9m invested in heating installation and replacement, providing more tenants with gas fuel efficient and upgraded electric central heating systems. This investment has upgraded heating systems in approximately 3,000 properties.
- £5.3m invested in energy efficiency measures, with an additional £600k levered in from other funding sources. This has helped the Council meet the Scottish Housing Quality Standard and work towards the Energy Efficiency Standard for Social Housing which comes into effect in 2020. This investment has allowed for the installation of energy efficiency measures mainly comprising external wall insulation to approximately 550 properties and photovoltaic panels to approximately 130 properties.
- Investment of around £4.2m in kitchen replacements to over 1,000 properties and £1.2m in window replacements to approximately 300 properties.
- Around £2.2m invested in providing aids and adaptations to help tenants live more independently at home.

5. PROPOSALS FOR FUTURE INVESTMENT

5.1 It is proposed that the HRA Business Plan is reviewed in response to new affordable house building targets set by the Scottish Government, with higher grant funding allocations likely to become available, and favourable borrowing rates. There is an opportunity to make the most of this favourable environment by taking a more ambitious approach to future asset planning. This would include an analysis of how much additional financial investment can be directed towards the Capital Programme in future years, and the outcome of this review would be presented to Communities Committee early in 2017.

5.2 Officers are therefore currently looking at the capacity for growing the HRA Capital Programme by around 50% over the next 5 years, taking the total investment for the period to 2022 to around £80M. The intention would be for the Council to expand the provision of affordable housing throughout our communities, whilst also investing heavily in its existing stock so that current tenants benefit greatly from the extra expenditure. The objective is to ensure that all the Council's existing and new tenants can live in good quality energy efficient homes that they can be proud of, and which meet their aspirations

5.3 These initial outline proposals could allow the Council to deliver an ambitious programme including:

- 50 new homes per year. 250 over 5 years
- 700 bathrooms per year. 3500 over 5 years and 7000 over 10 years.
- 450 new heating systems per year. 1800 over 5 years
- 500 external insulation and energy efficiency measures per year. 2500 over 5 years.

5.4 This increase in investment will not only improve the quality of our homes, it will also help improve the environment and neighbourhoods around our homes, with better planning of the places and infrastructure. It will also boost opportunities for the local economy in construction skills and employment, and will help enable improvements in health and wellbeing of our citizens by reducing fuel poverty.

5.5 If members approve this proposal, they will be asked to consider the full detail and analysis within a Business Plan to be submitted to committee in the New Year.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications for the Council arising from the content of this report. There will be a full analysis of the implications for the HRA within the proposed Business Plan review, the results of which will be submitted to members at a future committee for consideration

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices: Appendix 1 New Build Programme 2011/12 – 2015/16