

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 1 OCTOBER 2024

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2023/28

REPORT BY ALISON SMITH, DIRECTOR OF VIBRANT COMMUNITIES AND SUSTAINABLE GROWTH

1. ABSTRACT

This report presents to members the updated 2023/28 Housing Revenue Account (HRA) Capital Plan incorporating the 2024/25 capital monitoring budget.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES.

2.1 Caring for our people

- Reduce inequalities in all our communities.
- Provide the best start in life for children.
- Create more opportunities for people to live well and achieve their personal goals.
- Improve physical, mental health and wellbeing.

2.2 Caring for our place

- Protect and enhance our natural and built environment .
- Enable inclusive, empowered, resilient and safe communities across Angus .
- Take action to mitigate against climate change by delivering our Transition to Net Zero Action Plan: 2022 to 2030.
- Ensure delivery of affordable housing via our Strategic Housing Investment Plan (SHIP).

3. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes that the 2023/24 actual position on the HRA Capital Plan as at 31 March 2024 was submitted to the meeting of Policy and Resources on 3 September 2024, Report 240/24 (paragraphs 5.30 – 5.34 inclusive and appendix C) refers;
- (ii) approves the contents of the updated 2024/25 HRA Capital Plan as attached at Appendix 1;
- (iii) notes that the 2024/25 HRA Capital Plan represents the HRA's approved budget for capital monitoring purposes; and
- (iv) notes the provisional budget for the 2025/26 – 2027/28 HRA Capital Plan.

4. BACKGROUND

- 4.1 The responsibilities of Chief Officers with regard to the Capital Plan and capital monitoring are set out in Section 7 of the Council's Financial Regulations. This report seeks to ensure that budgetary control is exercised in line with those Regulations.

5. 2024/25 CAPITAL BUDGET

- 5.1 If members approve the contents of the updated 2023/28 HRA Capital Plan (Appendix 1), incorporating the 2024/25 capital monitoring budget amounting to £12.323m, the latest monitoring estimates on this position will be presented to members at future Communities Committees during the financial year.
- 5.2 The provisional 2024/25 HRA Capital Plan was agreed at the Communities Committee on 13 February 2024 (report 30/24 Appendix 3 refers) and totalled £13.784m taking account of the estimated resources available.

- 5.3 The 2024/25 HRA Capital Plan has subsequently been updated to reflect the effect of the 2023/24 actuals, and a final 2024/25 capital monitoring budget of £12.323m (Appendix 1) has been established following a comprehensive review of the 2023/28 Capital Plan, incorporating an updated position regarding specific projects in 2024/25. Table 1 below shows the variance between the provisional and the proposed final 2024/25 Capital Plan respectively as per 5.2 above.

Table 1 – HRA Capital Plan: Programme 2024/25

Programme	Provisional Capital Budget 2024/25	Proposed Final Capital Budget 2024/25	Movement
	£m	£m	£m
New Build	3.441	2.243	1.198
Conversion	0.513	0.471	0.042
Aids and Adaptations	1.260	1.301	(0.041)
Improvements	0.615	0.552	0.063
Energy Saving / Towards Zero Carbon	4.000	4.500	(0.500)
Sheltered Housing	0.035	0.255	(0.220)
Internal Upgrades	3.740	2.500	1.240
Miscellaneous	0.180	0.501	(0.321)
Total Programme	13.784	12.323	1.461

5.4 COMMENTARY ON SIGNIFICANT MOVEMENT BETWEEN PROVISIONAL AND FINAL 2024/25 HRA CAPITAL PLAN (MONITORING BUDGET)

- 5.4.1 The construction industry continues to be impacted by nationwide economic factors including high inflation affecting materials and salary costs. Availability of suitably skilled employees with the appropriate trades and skills has affected many contractors. These factors have in-turn impacted the delivery of some of Angus Council's projects.
- 5.4.2 These issues are the main reason for movement in project figures. It is important to keep in mind that where there is slippage to the HRA Capital programmes, funds are not lost, but are simply re-phased to enable works to take place, albeit at a later date.
- 5.4.3 New Build: The slippage relates to delays to new build projects at Fraser Path in Arbroath and Inverlay House in Monifieth. Both projects are due to be on site in the early part of financial year 2025/26.
- 5.4.4 Energy Saving / Towards Zero Carbon: This area of expenditure is fundamental to the aim of achieving net-zero by 2045 and also to help reduce energy bills for our tenants. To help expedite this programme, the projected spend has been increased for 2024/25. The main focus of this uplift is on the window replacement programme as it is beneficial to have this element carried out at an early stage in the process of making holistic fabric improvements. This is partially offset by a deferral to the work on the implementation of battery and solar systems while work is ongoing to identify appropriate sites.
- 5.4.5 Sheltered Housing: There is an increase of budget to cover planned works for lift replacements and up-to-date provisions for Warden Call systems in our Supported Accommodation settings.

- 5.4.6 Internal Upgrades: This section of the programme combines kitchen and bathroom categories of work. There is a current contract let which will deliver approximately 800 bathrooms in the Brechin and Montrose areas. This was impacted by initial contractual issues which are now delaying the commencement of works and this combined with contractor resource issues is continuing to impact this part of the programme. A new contract is due to be let in 2025/26 which will run in parallel with this one.
- 5.4.7 Miscellaneous: Due to slippage in the progression of LD2 smoke alarm installations in the previous year, work is now continuing in 2024/25. In addition to this, further works to install mechanical ventilation with heat recovery systems (MVHR) have been included under this category for 2024/25.

6. 2024/25 HRA CAPITAL PLAN FUNDING UPDATE

- 6.1 Table 2 estimates the resources available to finance the 2024/25 HRA Capital Plan.
- 6.2 The financing position of the capital programme will be kept under regular review throughout the year and the updated projected potential funding package reported to future Communities Committees during the year.

Table 2 - Capital Funding

2024/25 HRA Capital Plan (Monitoring Budget)	Monitoring Budget Funding
Funding Sources	£m
Prudential Borrowing	4.806
Capital Receipts	0.185
Capital Financed from Current Revenue	6.082
Transfer from Earmarked Reserves (Affordable Housing Reserve)	0.500
Transfer from Earmarked Reserves (HRA Reserves)	0.750
Total Funding Sources	12.323

7. FINANCIAL IMPLICATIONS

- 7.1 The financial implications for the Council arising from the recommendations in this report are as detailed in the body of the report, the accompanying appendix and as summarised in Table 3 below.
- 7.2 Members will note that the use of unaudited HRA balances totalling £0.750m are included in Table 3 below, outlining continued investment in existing stock to maintain properties at or above the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESH) as well as delivering on our commitment to do a New Build Housing Programme.

Table 3 - HRA Balances

	Monitoring Budget £m
Unaudited HRA balance as at 01/04/24	4.445
Less minimum balance requirement	(1.000)
Unaudited available HRA Balance as at 01/04/24	3.445
<u>Known / Potential Commitments:</u>	
SHQS / New build housing (2024/25)	(0.750)
SHQS / New build housing (future years)	(2.250)
Storm Impact	(0.445)
Total known / potential commitments	(3.445)
Unaudited available HRA Balance as at 01/04/24 after allowing for known / potential commitments	0.000
Add: Anticipated HRA surplus 2024/25	0.000
Anticipated uncommitted HRA balance at 31/03/25 after applying anticipated surplus for the year.	0.000

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 Environmental considerations play an important role in the investment in housing stock undertaken by the HRA. This includes improving energy efficiency to meet zero carbon emission targets, as well as considering the overall environmental impact of building new homes.
- 8.2 Whilst there are a number of funds available to assist individuals in managing energy costs, energy costs continue to impact social housing tenants in less energy efficient homes. These homes are also more detrimental to the environment and the ability of the Council to meet zero carbon targets. By prioritising our improvements to the poorest performing housing stock, our investment in energy efficiency measures plays a significant role in mitigating poverty, cost of living increases and the environmental impact of our housing.
- 8.3 The Scottish Government's Strategy, Housing to 2040, gives a clear statement of intent in relation to the need to move away from developing on greenfield land in favour of more brownfield development and policies which ensure the best use of existing stock. The LHS 2023-28 will build on the momentum already created by the Council in this area through redevelopment projects such as Invertay House (Monifieth). The Invertay House project also includes the conversion and preservation of an existing Category B listed former school building. The aspiration is to achieve an Enerphit standard for this building and this is the equivalent of Passivhaus but for existing buildings rather than new build.
- 8.4 Forthcoming new housing projects also expand this approach with developments at St Thomas (Arbroath) and Taylor Street (Forfar) all involving brownfield sites.
- 8.5 An ongoing programme of conversions is underway, typically these deliver larger properties with multiple bedrooms by combining two properties into one. These help to satisfy an increasing demand for such homes from tenants. These benefit from 35 percent funding from the Scottish Government and create opportunities to provide upgraded homes which benefit from energy efficiency works including wall, roof and floor insulation upgrades as well as new triple-glazed windows and doors. Photovoltaic panels with battery and Air-Source Heat Pumps can also be included where appropriate.

- 8.6 It is also generally accepted that converting and retrofitting property has a lower carbon footprint than building new. While we remain committed to increasing the supply of good quality affordable housing, we are looking at how we achieve this in the most sustainable and environmentally friendly way possible.

9. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 9.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reasons:

- It has no impact on people generally (including the rights of children).
- It is reflective e.g. of budget spend over a financial year.

10. CHILDRENS RIGHTS AND WELLBEING IMPACT ASSESSMENT

- 10.1 A Childrens Rights and Wellbeing Impact Assessment has been undertaken and a full assessment is not required as the “General Principles” do not apply to this proposal.

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

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List of Appendices:

Appendix 1 Housing Revenue Account Capital Plan 2023/28