



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Housing Overview and Scrutiny Committee

21 September 2023

Councillor Phil Dilks
Cabinet member for Housing and
Planning

HRA Capital Budget Overview September 2023

Report Author

Julie Martin, Head of Technical Services

Julie.martin@southkesteven.gov.uk

Purpose of the Report

To update the committee on the progress of the HRA Capital Programme, providing an overview of current and projected spend along with delivery updates on all associated programmes.

Recommendations

That Committee:

1. Is asked to review the contents of the report and the progress being made to utilise the HRA Capital Programme to address long term issues within our housing stock.

Decision Information	
Is this a Key Decision?	No
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Housing that meets the needs of all residents
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

1.1 The financial implications are included within the report.

Completed by: Alison Hall-Wright, Assistant Director of Finance and Deputy S151 Officer

Legal and Governance

1.2 There are no significant legal or governance implications arising from this report which is to note an update on the HRA Capital Programme.

Completed by: Graham Watts, Assistant Director of Governance and Monitoring Officer

2. Background to the Report

2.1 The Council has a clear commitment in its Corporate Plan 2020-2023 to provide "Housing that meets the needs of all residents" and the timely delivery of improvements to its social housing stock. The HRA Capital Programme is the funding stream that delivers capital improvements to the council's housing stock. This covers all aspects of capital expenditure from improvements such as, Kitchens, Bathrooms, Doors, Windows, Re-wires etc as well as our new build programme and acquisitions.

2.2 The capital programme for 2023/24 includes the budget lines for two large programmes taking place in the District, the Earlesfield programme delivering improvements and important asbestos removal works to 152 properties on the

Earlesfield estate and the SHDF (Social Housing Decarbonisation Fund) which is a match funded programme delivering energy efficiency works to 332 properties across the District.

2.3 The original budget set for the period 2023/24 was £18.497m, since this budget was set, we have made two amendments to the budget to enable the council's contribution to the LAHF programme (Local Authority Housing Fund) taking the total Capital programme to £24.649m. The current budgets can be seen in table 2, with the budget amendments shown in table 1.

2.4 Table 1 current budget amendments as at the 31 July 2023.

Table 1 – HRA Capital Programme Budget Adjustments

Date of Approval	HRA Budget amendment	£'000
		18,497
March 2023	Local Authority Housing Fund	4,483
July 2023	2022/23 Budget Carry Forwards	1,669
Total		24,649

2.5 Table 12 shows the significant forecast variances for the HRA capital schemes for 2023/24 as at the 31 July 2023.

Table 2 – HRA Capital Forecast Outturn Position

Capital Scheme	2023/24 Original Budget £'000	2023/24 Current Budget £'000	2023/24 Forecast spend £'000	Forecast Variance £'000
Energy Efficiency	5,398	5,474	4,398	(1,076)
ICT	470	740	630	(110)
Purchase of Vehicles	0	81	45	(36)
New Build Programme	4,500	4,500	4,500	0
Refurbishment & Improvements	8,129	13,854	12,043	(1,811)
Total Expenditure	18,497	24,649	21,616	(3,033)

2.6 Table 3 shows the significant forecast variances for the HRA capital schemes for 2023/24 as at the 31 July 2023.

Table 12 – HRA Capital – Significant Variances

Explanation of Significant Variances	£'000
Heating & Ventilation Heating replacements are underway with approximately 35 being completed to date and a further 200 gas heating systems programmed with the contractor. Engagement has commenced with Eon regarding the SHDF bid which will see a further circa 100 heating system improvements delivered by the end of March 2024.	(1,076)
Housing System Enhancements The contract has been varied with the supplier resulting in significant reduction in contract costs. The proposed go-live is November 2023.	(110)

Kitchen Refurbishments We have completed circa 40 kitchens with a further 40 in programme. In progress of procuring a new contractor to work alongside an existing one in order to meet demand. Full spend is dependent on the timely appointment of an additional contractor.	(248)
Bathroom Refurbishments We have completed around 35 bathrooms to date. In progress of procuring a new contractor to work alongside an existing one in order to meet demand. Full spend is dependent on the timely appointment of an additional contractor.	(248)
Passenger Lifts The new lift installation at Church View is now complete and works have commenced at Riverside. A further 6 lifts have been identified for replacement and we are working on procurement of a contractor to deliver. Due to the lead in time of materials it is unlikely that all of these installations will be completed in this financial year.	(580)
Re-roofing The annual estimated programme is to replace 112 roofs, 2 have been fully completed at this time with a further 4 properties at the quotation stage. We are in progress of procuring a new contractor from framework to complete the delivery of this programme due to our previous contractor withdrawing from the contract at short notice.	(369)
Re-wiring 267 re-wires have been budgeted for, currently around 160 have been programmed in with contractors across the Earlesfield programme and a separate rewire programme. To date 13 have been completed and works have commenced on the rewire programme.	(166)
External Wall Finishes The budget will allow improvements to around 35 properties based on the current cost estimates. We have identified 31 properties for improvement. Engagement has commenced with Eon regarding the SHDF bid which will see improvements delivered by the end of March 2024.	(200)
Repairs Vehicles Rescheduling of programme to 2024/25	(36)

3. Key Considerations

- 3.1 The capital programme has been informed and planned utilising the data from the stock condition programme to ensure that the council are making data informed decisions.
- 3.2 The council are on track to deliver the largest capital programme spend for a number of years. This is despite several contractors having to be sourced to enable delivery and completion of works.
- 3.3 The majority of the current projected underspend of £3.033m is in relation to the two-year SHDF (Social Housing Decarbonisation Fund) programme and the Earlesfield programme, all capital funds shall be carried forward to the following year to enable full budget spend and programme completion.

4. Reasons for the Recommendations

4.1 Report is for review and discussion.