

## **Section Two – Housing Capital Programme**

### **HRA Capital Programme 2019-20**

1. A detailed Housing Capital Programme is set out at the end of this Appendix. A summary of the total Housing capital expenditure and how it will be funded is shown below :

<b>Summary By Funding</b>	<b>2018-19 Original Budget (£)</b>	<b>2018-19 Forecast Outturn (£)</b>	<b>2019-20 Original Budget (£)</b>
Useable Capital Receipts	(680,000)	(19,780)	(725,120)
Grants and Contributions	(675,060)	(1,770,300)	(832,800)
Depreciation	(7,145,220)	(6,400,990)	(8,221,420)
Specific Reserves	(5,326,780)	(4,933,570)	(6,942,690)
Revenue Contributions	0		0
<b>Total</b>	<b>(13,827,060)</b>	<b>(13,124,640)</b>	<b>(16,722,030)</b>

2. The Housing capital programme for 2019-20 totals £16,722,030, of which £832,800 is in respect of non-HRA capital schemes and £15,889,230 is in respect of HRA capital schemes.

#### Maintenance of existing Council Housing Stock

3. The HRA Capital programme for GBC maintains a focus on programmes to replace and improve elements within dwellings and maintain health & safety works, with £7.7m earmarked for this purpose in 2019-20. Investment patterns have been reviewed to ensure funding is effectively targeted to specific programmes of work, including kitchen and bathroom replacement.

#### New Build and Acquisitions Programme

4. From April 2012, the Ministry for Housing, Communities and Local Government (formerly the DCLG) has allowed local housing authorities to retain a proportion of Right to Buy (RTB) receipts for the purpose of delivering further affordable housing. The council entered into an agreement with the Secretary of State for Communities and Local Government for this purpose in the first quarter of 2012.
5. The conditions of the agreement require that the retained Right to Buy receipts must not constitute more than 30% of the total amount invested in replacement stock (newly built council homes, newly acquired council homes or social housing provided through local authority grants to housing associations). At this stage the intention is for the Council to fund the remaining 70% from its own reserves, however, we will continue to monitor the long term viability of the HRA Business Plan and if it becomes more equitable we will undertake borrowing serviced by the anticipated rental income from the new homes.
6. In 2019-20 the capital programme sets out the intention to deliver additional social housing of £7.5m.

#### Housing Computer System

7. A provision of £600,000 was made in the 2018-19 capital programme to procure a replacement Housing IT system following notification from the existing supplier, Capita, that it would no longer be supporting the system the Council uses to manage its rent accounts and various estates. Confirmation of a formal end date is expected early in

2019 and therefore based on procurement timescales, there is unlikely to be any expenditure in 2018-19 and the provision is now shown within the 2019-20 capital programme.

#### Replacement Play Equipment

8. Provision of £80,000 was made within the capital programme to fund improvements to playsites within council housing areas. A review of playsite provision has been completed and an action plan drawn up which will see spend incurred in 2019-20. Therefore the provision is now shown within the 2019-20 capital programme.

#### Disabled Facilities Grants

9. Funding for Disabled Facilities Grants is provided through the Better Care Fund, which was established in April 2015 to encourage areas to take a joined-up approach to improving outcomes across health, social care and housing. Payment of Disabled Facilities Grant amounts are made to Kent County Council and then distributed to district councils. Funding for 2019-20 is yet to be confirmed, therefore the budget for 2019-20 is based on the basic level of funding received in 2018-19.

### **Capital Finance 2019-20 and Beyond**

#### Usable Capital Receipts

10. Capital receipts received by the authority are used to finance either the HRA or the Housing General Fund capital programmes and are primarily generated through the Sale of HRA assets.
11. Since April 2012, the number of properties sold under the Right To Buy (RTB) scheme has significantly increased due to the higher level of RTB discount that can be received.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Projected	2019-20 Estimate
Number of Council Houses sold through the Right to Buy Scheme	22	32	38	32	29	23	22	30

12. The projected level of housing capital receipts, resulting from the RTB sales held by the council for the purpose of funding the new build programme is anticipated to be £6.532m as at 31 March 2019 (£5.248m at 31 March 2018).
13. The projected level of general housing capital receipts held by the council is anticipated to be £1.321m as at 31 March 2019 (£1.086m at March 2018)

#### Grants & Contributions

14. Funding for Disabled Facilities Grants is provided through the Better Care Fund and announced on an annual basis.

### Depreciation

15. Under the self-financing regime, depreciation charges on HRA non-current assets are held in a Major Repairs Reserve and used to provide funding for capital investment in the council's housing stock and other HRA assets.
16. The projected level of funds held by the council in the Major Repairs Reserve is anticipated to be £1.389m at 31 March 2019 (£977k at 31 March 2018).

### General Reserves

17. The council holds a number of general and specific reserves which are intended to meet future requirements. As at 31 March 2019 the council is projected to be holding £4.88m in the HRA General Reserve, which is maintained to hold the balance of surplus funds, generated by the HRA in any year.

### Revenue Contributions

18. No revenue contribution is required to fund expenditure in the 2019-20 capital programme.

### The Debt Cap

19. Until recently the government restricted the amount each council could borrow even if it was affordable by the HRA but it was becoming clear that this was contributing to the lack of social housing delivery by some councils. Therefore on 3 October 2018, Theresa May announced that the debt cap was being abolished.
20. For Gravesham BC the debt cap was £117.3m, however, with actual debt of £89.9m as at 31 March 2018, this had not presented an issue for the council to date.

**Summary Housing Capital Programme 2018-19 and 2019-20**

<b>REF No</b>	<b>PROJECT</b>	<b>18-19 Original Budget (£)</b>	<b>18-19 Forecast Outturn (£)</b>	<b>19-20 Proposed Budget (£)</b>
<b>A</b>	<b>Replacement Programmes</b>	3,976,680	3,312,310	4,537,410
<b>B</b>	<b>Improvement Programmes</b>	2,090,940	2,223,950	2,069,290
<b>C</b>	<b>Health &amp; Safety Works</b>	1,077,600	1,110,420	1,137,530
<b>D</b>	<b>New Build and Acquisitions</b>	5,326,780	4,933,560	7,465,000
<b>E</b>	<b>Housing Computer System</b>	600,000	0	600,000
<b>F</b>	<b>Virtual Desktop Infrastructure</b>	0	2,930	0
<b>G</b>	<b>IT Equipment Review</b>	0	16,850	0
<b>H</b>	<b>Replacement Play Equipment</b>	80,000	0	80,000
	<b>Total HRA Capital Programme</b>	<b>13,152,000</b>	<b>11,610,020</b>	<b>15,889,230</b>
<b>I</b>	<b>Renovation Grants (DFG)</b>	675,060	1,514,620	832,800
	<b>Total Housing Capital Programme</b>	<b>13,827,060</b>	<b>13,124,640</b>	<b>16,722,030</b>

**Detailed Housing Capital Programme 2018-19 and 2019-20**

<b>REF No</b>	<b>PROJECT</b>	<b>18-19 Original Budget (£)</b>	<b>18-19 Forecast Outturn (£)</b>	<b>19-20 Proposed Budget (£)</b>
<b>A</b>	<b>Replacement Programmes</b>			
	Kitchen Programme	944,680	449,680	944,400
	Bathroom Programme	252,700	252,700	252,700
	Communal Area Upgrades	313,900	186,900	100,000
	Ventilation, Damp & Mould	17,000	17,000	13,700
	Doors & Windows Programme	758,900	758,900	606,350
	Roofing Replacements	808,800	766,430	1,030,020
	Electrical Tests & Upgrades	880,700	880,700	1,590,240
		<b>3,976,680</b>	<b>3,312,310</b>	<b>4,537,410</b>
<b>B</b>	<b>Improvement Programmes</b>			
	Modernisations & Reconfigurations	70,100	151,480	116,940
	External wall insulation	20,000	20,000	0
	Cavity Wall Works	20,000	20,000	0
	Insulation Works	0	0	40,000
	Capital Service Projects	0	61,630	0
	Heating Installations	1,240,600	1,240,600	1,240,600
	Structural Repairs Programme	355,700	355,700	150,000
	Aids & Adaptations	300,000	300,000	521,750
	Estate Improvements	50,000	50,000	0
	Rear Accessway Fencing	34,540	34,540	0
		<b>2,090,940</b>	<b>2,233,950</b>	<b>2,069,290</b>
<b>C</b>	<b>Health &amp; Safety Works</b>			
	Fire Precaution Works	687,900	702,020	678,910
	Door Entry/Warden Call Systems	91,000	91,000	108,650
	Smoke Alarms	20,000	25,090	0
	Asbestos Surveys and Removals	93,900	93,900	93,900
	Major Lift Refurbishments	149,700	163,310	140,050
	Tanks/Water Mains	15,100	15,100	15,100
	LED Emergency Lighting	20,000	20,000	100,920
		<b>1,077,600</b>	<b>1,110,420</b>	<b>1,137,530</b>
<b>D</b>	<b>New Build and Acquisitions</b>	<b>5,326,780</b>	<b>4,933,560</b>	<b>7,465,000</b>
<b>E</b>	<b>Housing Computer System</b>	<b>600,000</b>	<b>0</b>	<b>600,000</b>
<b>F</b>	<b>Virtual Desktop Infrastructure</b>	<b>0</b>	<b>2,930</b>	<b>0</b>
<b>G</b>	<b>IT Equipment Review</b>	<b>0</b>	<b>16,850</b>	<b>0</b>
<b>H</b>	<b>Replacement Play Equipment</b>	<b>80,000</b>	<b>0</b>	<b>80,000</b>
<b>I</b>	<b>Renovation Grants (DFG)</b>	<b>675,060</b>	<b>1,514,620</b>	<b>832,800</b>
	<b>Totals</b>	<b>13,827,060</b>	<b>13,124,640</b>	<b>16,722,030</b>