

Section Two – Housing Capital Programme

HRA Capital Programme 2021-22

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 :

Summary By Funding	2020-21 Original Budget (£)	2020-21 Projected Outturn (£)	2021-22 Original Budget (£)
Useable Capital Receipts	(4,099,150)	(3,948,680)	(3,300,130)
Grants and Contributions	(832,800)	(1,707,990)	(832,800)
Major Repairs Reserves	(6,888,800)	(6,567,110)	(7,812,160)
Specific Reserves	0	0	0
Revenue Contributions	(626,860)	0	(496,960)
Borrowing	(8,102,500)	(5,193,220)	(8,410,040)
Total	(20,550,110)	(17,417,000)	(20,852,090)

2. The Housing capital programme for 2021-22 totals £20,852,090, of which £832,800 is in respect of non-HRA capital schemes and £20,019,290 is in respect of HRA capital schemes.

Capital 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 £7.448m earmarked for this purpose in 2021-22. Investment patterns have been reviewed to ensure funding is effectively targeted to specific programmes of work, including kitchen and bathroom replacement, electrical testing, communal upgrades and disabled adaptations.
4. Two properties have been identified as in need of major renovation before they can be re-let to new tenants. A provision of £250,000 is being made to fund the cost of these works.

New Build and Acquisitions Programme

5. The council will be looking to continue the programme set out in 2020-21, which has been severely impacted by COVID-19 pandemic. A number of housing development sites have been identified and works will be carried out during 2021-22 in support of its Corporate Plan objective to deliver new homes that allow residents and their families to stay and grow in the borough. The programme includes the following schemes
 - St Patricks Gardens
 - Valley Drive
 - Wilberforce Way
 - Barr Road
 - Rembrandt and Constable Drive
 - Armoury Drive

6. In addition to these schemes, a number of other smaller sites will be developed to deliver one or two units.
7. 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.
8. 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). To date, the council has funded the remaining 70% from its own reserves; during 2021-22 the council will need to undertake a level of external borrowing to help ensure the long term viability of the HRA Business Plan, with this borrowing serviced by the anticipated rental income from the new homes.
9. In 2021-22 the capital programme sets out the intention to deliver additional social housing of £11.326m.

Other Capital Expenditure

10. The council has in place a fully-funded replacement programme for council-owned play sites, with £127,500 provided for this purpose in 2021/22.
11. In the second of a three year programme a provision of £36,280 has been made in 2021-22 to provide improved units for waste and recycling bins across Wallis Park, St Andrews Court, Shepherd Street and Chantry Court.
12. Due to increasing antisocial behaviour, a provision of £19,900 has been made within the 2021-22 capital programme for CCTV systems at various locations across a number of council housing sites.
13. Following the Grenfell tragedy and advice distributed by Government regarding the integrity of fire doors to flats, a risk assessed programme has been designed to replace fire doors at two of the high rise blocks in the borough, Carl Ekman House and The Hive. £811k has been provided for this purpose in the 2021-22 capital programme. This builds on £175k already provided during this financial year.
14. Disabled Facilities Grants
15. 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 2021-22 is yet to be confirmed, therefore the budget for 2021-22 is based on the basic level of funding received in 2020-21.

Capital Finance 2021-22 and Beyond

Usable Capital Receipts

16. 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.
17. 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. However, due to the COVID-19 pandemic sales under the right-to-buy scheme have decreased during this financial year and it is assumed that this will continue into 2021-22.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Projected	2021-22 Estimate
Number of Council Houses sold through the Right to Buy Scheme	22	32	38	32	29	23	21	31	20	20

18. 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 £7.404m as at 31 March 2021 (£6.443m at 31 March 2020).
19. The projected level of general housing capital receipts held by the council is anticipated to be £630k as at 31 March 2021 (£1.160m at March 2020).

Grants & Contributions

20. The Spending Review set out an overall increase in funding for Disabled Facilities Grants in 2021-22, however the local distribution of this is currently unclear. The provision set for 2021-22 therefore remains at £832.8k.

Depreciation

21. 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.
22. The projected level of funds held by the council in the Major Repairs Reserve is anticipated to be £1.384m at 31 March 2021 (£936k at 31 March 2020).

General Reserves

23. The council holds a number of general and specific reserves which are intended to meet future requirements. As at 31 March 2021 the council is projected to be holding £2.699m in the HRA General Reserve, which is maintained to hold the balance of surplus funds, generated by the HRA in any year.

The Debt Cap

24. The Autumn Budget 2018 included the announcement that the HRA Borrowing Cap was to be abolished, enabling stock-holding authorities to borrow beyond the existing cap level as a means to increasing social housing levels in local communities (for Gravesham the borrowing cap was £117.3m, with actual debt at £81.081m as at 31 March 2020). Whilst the borrowing cap has been lifted, the council will seek to ensure that any borrowing undertaken by the HRA is prudent and affordable.

Summary Housing Capital Programme 2020-21 and 2021-22

DRAFT HOUSING CAPITAL PROGRAMME 2021/22				
Ref No:	Project	Original Budget 2020-21(£)	Draft Budget 2021-22 (£)	Variance
A	Replacement Programmes	4,005,650	3,910,190	(95,460)
B	Improvement Programmes	1,702,350	1,741,510	39,160
C	Health & Safety Works	1,305,310	1,796,420	491,110
D	Major Void Works	200,000	250,000	50,000
E	New Build & Acquisitions	11,575,000	11,326,490	(248,510)
F	Housing Computer Systems	600,000	0	(600,000)
G	Replacement Play Equipment	103,750	127,500	23,750
H	Bin Housing	13,190	36,280	23,090
I	CCTV	37,060	19,900	(17,160)
J	Fire Doors	175,000	811,000	636,000
	Sub Total (HRA Capital Programme)	19,717,310	20,019,290	301,980
K	Renovation Grants (DFG)	832,800	832,800	0
	Total (HRA & GF Capital Programme)	20,550,110	20,852,090	301,980

Detailed Housing Capital Programme 2020-21 and 2021-22

REF No	PROJECT	20-21 Original Budget (£)	20-21 Forecast Outturn (£)	21-22 Proposed Budget (£)
A	Replacement Programmes			
	Kitchen Programme (inc Void)	887,500	787,500	987,500
	Bathroom Programme	325,000	225,000	225,000
	Doors & Windows Programme	850,000	750,000	950,000
	Roofing Replacements	879,150	719,150	1,039,150
	Electrical Tests & Upgrades	1,064,000	790,800	708,540
		4,005,650	3,272,450	3,910,190
B	Improvement Programmes			
	Modernisations & Reconfigurations	0	0	10,600
	Insulation Works	40,000	40,000	80,000
	Heating Installations	1,140,600	1,140,600	1,049,660
	Capital Services & Projects	0	0	79,500
	Aids & Adaptations	521,750	521,750	521,750
		1,702,350	1,702,350	1,741,510
C	Health & Safety Works			
	Fire Precaution Works	678,910	678,910	1,022,900
	Door Entry/Warden Call Systems	125,000	125,000	125,000
	Asbestos Surveys and Removals	60,000	60,000	60,000
	Major Lift Refurbishments	140,050	140,050	275,600
	Tanks/Water Mains	200,430	200,430	212,000
	LED Emergency Lighting	100,920	100,920	100,920
		1,305,310	1,305,310	1,796,420
D	Major Void Works	200,000	287,000	250,000
E	New Build and Acquisition	11,575,000	8,491,650	11,326,490
F	Housing Computer System	600,000	600,000	0
G	Replacement Play Equipment	103,750	0	127,500
H	Bin Housing	13,190	13,190	36,280
I	CCTV	37,060	37,060	19,900
J	Fire Doors	175,000	0	811,000
K	Renovation Grants (DFG)	832,800	1,707,990	832,800
	Totals	20,550,110	17,417,000	20,852,090