

Section Two – Housing Capital Programme

HRA Capital Programme 2022-23

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	2021-22 Original Budget (£)	2021-22 Forecast Outturn (£)	2022-23 Original Budget (£)
Useable Capital Receipts	(3,300,130)	(3,836,780)	(5,606,270)
Grants and Contributions	(832,800)	(2,089,400)	0
Depreciation	(7,812,160)	(6,771,390)	(7,060,410)
Revenue Contributions	(496,960)	(715,460)	(574,020)
Borrowing	(8,410,040)	(7,676,380)	(10,818,270)
Total	(20,852,090)	(21,089,410)	(24,058,970)

2. The Original Budget for the Housing capital programme for 2021-22 was £20,852,090. The Forecast Outturn for 2021-22 is £21,089,410, which takes into account approved slippage from 2021-22 and additional external funding received in year.
3. The Proposed Budget for 2022-23 totals £24,058,970. Previously a budget for Renovation Grants (DFG) was included within the Housing capital programme. In 2022-23 this provision is included within the GF capital programme on the basis that the scheme is managed and delivered within the General Fund.

Capital Maintenance of existing Council Housing Stock

4. The HRA Capital programme for GBC maintains a focus on programmes to replace and improve elements within dwellings and maintain health & safety works, with £6.091m earmarked for this purpose in 2022-23. 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.
5. A provision of £250,000 is included to fund works to properties requiring major renovation prior to them being re-let to new tenants.

New Build and Acquisitions Programme

6. The council will be looking to continue the programme set out in 2021-22, which has been impacted by COVID-19 pandemic. A number of housing development sites have been identified and works will be carried out during 2022-23 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
 - Valley Drive
 - Rembrandt and Constable Drive
 - Armoury Drive
 - St Columbas
 - Mountfields
 - Worcester Close

7. The budget includes a provision of £1.75m to buy-back ex Council House properties in the borough, to increase the number of dwellings available to the Council.
8. Further provisions totalling of £2.27m are included to fund preliminary works on potential major developments and schemes working alongside with other providers.
9. 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.
10. In April 2021, the conditions of the agreement were revised to require that the retained Right to Buy receipts must not constitute more than 40% 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). Until 2019-20, the council has funded the balance from its own reserves; during 2020-21 the council undertook some external borrowing which is serviced by the anticipated rental income from the new homes. It is anticipated further borrowing will be undertaken during 2021-22 and in future years.
11. In 2022-23 the capital programme sets out the intention to deliver additional social housing of £13.863m.

Other Capital Expenditure

12. Housing will continue to implement a new computer system during 2022-23. Monies paid by the Council to implement a previous system will be refunded and therefore the original provision of £600k has been reinstated within the new capital programme.
13. The council has in place a fully-funded replacement programme for council-owned play sites, with £127,500 provided for this purpose in 2022-23.
14. A provision of £49k has been made in 2022-23 to provide improved units for waste and recycling bins across various sites in the borough.
15. A further provision of £30k has been made within the 2022-23 capital programme for CCTV systems at Park Place.
16. A provision of £811k has been included in the 2022-23 capital programme for year 2 of a five year programme to replace all flat entrance doors within the housing stock that are required to be fire rated following the Grenfell Inquiry recommendations and to meet current Building Regulations. Year 1 focussed on our high-rise blocks and Year 2 will focus on replacing fire entrance doors within our Sheltered Accommodation.
17. Following GBC's commitment to climate change and for the borough to be carbon neutral by 2030, a budget of £1.889m has been allocated to improve the thermal insulation and introduce renewable heating to the housing stock. The energy efficiency works will lower carbon emissions, increase SAP ratings and lower fuel bills for our tenants.
18. Structural surveys of housing blocks are required to be undertaken to check the adequacy of all elements of the existing structure with respect to current building regulations. Surveys will identify structural defects that can be rectified at an early stage to avoid further deterioration and increased cost of repairs. A provision of £100k has been included in the 2022-23 capital programme for this purpose.

19. A project to upgrade and rejuvenate the communal areas across 18 sheltered schemes will be carried out during 2022-23 to provide a more inviting and welcoming environment for tenants. It is also anticipated that it will result in an increased use of communal areas. A budget of £117k has been made for this within the 2022-23 capital programme.
20. The 2022-23 capital budget includes a provision of £30k to provide cycle storage on five housing estates to improve facilities for tenants and prevent items be stored in communal areas which presents a health and safety hazard.
21. A new project targeted at providing a deep clean of alleyways to improve the local environment for residents and enable better access to properties is included in the capital programme for 2022-23. The project will target the most challenging areas first and will include working with residents to determine opportunities and the desire for alley gates to help keep alleyways free from rubbish and fly tipping. To help enable this work to improve the quality of the local environment and also contribute to our climate change objectives, a new electric rubbish collection vehicle will be procured for this initiative.

Capital Finance 2022-23 and Beyond

Usable Capital Receipts

22. 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.
23. 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. The number of sales under the right-to-buy scheme decreased as a result of the COVID-19 pandemic but have started to increase over recent months. It is assumed that this increase will continue into 2022-23 to pre-pandemic levels.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Projected	2022-23 Estimate
Number of Council Houses sold through the Right to Buy Scheme	22	32	38	32	29	23	21	31	16	25	30

24. 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 £6.759m as at 31 March 2022 (£6.350m at 31 March 2021).
25. The projected level of general housing capital receipts held by the council is anticipated to be £936k as at 31 March 2022 (£1.010m at March 2021).

Depreciation

26. 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.
27. The projected level of funds held by the council in the Major Repairs Reserve is anticipated to be £332k at 31 March 2022 (£155k at 31 March 2021).

General Reserves

28. The council holds a number of general and specific reserves which are intended to meet future requirements. As at 31 March 2022 the council is projected to be holding

£1.881m 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

29. 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 £75.663m as at 31 March 2021). 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 2021-22 and 2022-23

DRAFT HOUSING CAPITAL PROGRAMME 2022/23				
Ref No:	Project	Original Budget 2021-22(£)	Draft Budget 2022-23 (£)	Variance
A	Replacement Programmes	3,910,190	3,368,290	(541,900)
B	Improvement Programmes	1,741,510	1,921,870	180,360
C	Health & Safety Works	1,796,420	801,190	(995,230)
D	Major Void Works	250,000	250,000	0
E	New Build & Acquisitions	11,326,490	13,863,470	2,536,980
F	Housing Computer Systems	0	600,000	600,000
G	Replacement Play Equipment	127,500	127,500	0
H	Bin Housing	36,280	49,470	13,190
I	CCTV	19,900	30,000	10,100
J	Fire Doors	811,000	806,580	(4,420)
K	LAD2 Grant	0	0	0
L	Energy Efficiency	0	1,888,650	1,888,650
M	Structural Surveys	0	100,000	100,000
N	Sheltered Communal Upgrade	0	116,950	116,950
O	Cycle Storage	0	30,000	30,000
P	Alleyways HRA	0	105,000	105,000
	Sub Total (HRA Capital Programme)	20,019,290	24,058,970	4,039,680
Q	Renovation Grants (DFG)	832,800	0	(832,800)
	Total (HRA & GF Housing Capital Programme)	20,852,090	24,058,970	3,206,880

Note – Renovation Grants (DFG) has been moved to the General Fund Capital Programme

Detailed Housing Capital Programme 2021-22 and 2022-23

REF No	PROJECT	21-22 Original Budget (£)	21-22 Forecast Outturn (£)	22-23 Proposed Budget (£)
A	Replacement Programmes			
	Kitchen Programme (inc Void)	987,500	637,500	987,500
	Bathroom Programme	225,000	205,000	225,000
	Doors & Windows Programme	950,000	950,000	557,000
	Roofing Replacements	1,039,150	1,039,150	890,250
	Electrical Tests & Upgrades	708,540	658,540	708,540
		3,910,190	3,490,190	3,368,290
B	Improvement Programmes			
	Modernistaions & Reconfiguratio	10,600	10,600	-
	Communal Improvements	-	-	420,960
	Insulations Works	80,000	31,000	-
	Heating Installations	1,049,660	950,660	899,660
	Capital Services & Projects	79,500	79,500	79,500
	Aids & Adaptations	521,750	551,720	521,750
		1,741,510	1,623,480	1,921,870
C	Health & Safety			
	Fire Precaution Works	1,022,900	1,022,900	461,290
	Door Entry/Warden Call System	125,000	125,000	97,480
	Asbestos Surveys and Removal	60,000	-	-
	Major Lift Refurbishments	275,600	275,600	141,500
	Tanks/Water Mains	212,000	559,530	-
	LED Emergency Lighting	100,920	88,920	100,920
		1,796,420	2,071,950	801,190
D	Major Void Works	250,000	200,000	250,000
E	New Build and Acquisition	11,326,490	10,647,960	13,863,470
F	Housing Computer System	-	-	600,000
G	Replacement Play Equipment	127,500	-	127,500
H	Bin Housing	36,280	49,470	49,470
I	CCTV	19,900	56,960	30,000
J	Fire Doors	811,000	712,000	806,580
K	LAD2 Grant	-	148,000	-
L	Energy Efficiency	-	-	1,888,650
M	Structural Surveys	-	-	100,000
N	Sheltered Communal Upgrade	-	-	116,950
O	Cycle Storage	-	-	30,000
P	Alleyways HRA	-	-	105,000
Q	Renovation Grants (DFG)	832,800	2,089,400	-
	Totals	20,852,090	21,089,410	24,058,970

Note – Renovation Grants (DFG) has been moved to the General Fund Capital Programme.