

**Section Two – Housing Capital Programme****HRA Capital Programme 2023-24**

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>2022-23 Original Budget (£)</b>	<b>2022-23 Forecast Outturn (£)</b>	<b>2023-24 Original Budget (£)</b>
Useable Capital Receipts	(5,606,270)	(2,896,720)	(4,312,820)
Grants and Contributions	0	(1,033,610)	0
Depreciation	(7,060,410)	(5,533,500)	(5,554,170)
Revenue Contributions	(574,020)	(1,526,900)	(3,809,260)
Borrowing	(10,818,270)	(5,641,470)	(4,918,310)
<b>Total</b>	<b>(24,058,970)</b>	<b>(16,632,200)</b>	<b>(18,594,560)</b>

2. The Original Budget for the Housing capital programme for 2022-23 was £24,058,970. The Forecast Outturn for 2022-23 is £16,632,200, which takes into account approved slippage from 2021-22.

**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 £6.431m earmarked for this purpose in 2023-24. 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.

**New Build and Acquisitions Programme**

4. The council will be looking to continue the programme set out in 2022-23. A number of housing development sites have been identified and works will be carried out during 2023-24 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

- Armoury Drive
- St Columbas
- Worcester Close

5. The budget includes a provision of £1m to buy-back ex Council House properties in the borough, to increase the number of dwellings available to the Council.
6. A further provision of £500k is included to fund preliminary works on potential major developments and schemes working alongside with other providers.
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. 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.
9. In 2023-24 the capital programme sets out the intention to deliver additional social housing of £9.231m.

#### Other Capital Expenditure

10. A provision of £32k has been made within the 2023-24 capital programme for CCTV systems to be installed in the lifts at Gravesham Court and Homemead.
11. A provision of £800k has been included in the 2023-24 capital programme for year 3 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. The focus in 2023-24 will be on flats that have enclosed communal areas as this is deemed the next risk area.
12. Following GBC's commitment to climate change and for the borough to be carbon neutral by 2030, a budget of £2m has been allocated to energy efficiency works which will lower carbon emissions, increase SAP ratings and lower fuel bills for our tenants.
13. 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 2023-24 capital programme for this purpose.

#### **Capital Finance 2023-24 and Beyond**

##### Usable Capital Receipts

14. 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.
15. 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 however this has now increased and estimated RTB properties

have been increased to 35 for 2023-24. The year-end forecast is estimating 46 properties to be sold by the end of this financial year.

	2012-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 Projected	2023-24 Estimate
Number of Council Houses sold through the Right to Buy Scheme	124	29	23	21	31	16	32	46	35

16. 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 £10.014m as at 31 March 2023 (£6.583m at 31 March 2022).
17. The projected level of general housing capital receipts held by the council is anticipated to be £558k as at 31 March 2023 (£1.382m at March 2022).

#### Depreciation

18. 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.
19. The projected level of funds held by the council in the Major Repairs Reserve is anticipated to be £250k at 31 March 2023 (£524k at 31 March 2022).

#### Reserves

20. The council holds several general and specific reserves which are intended to meet future requirements. As at 31 March 2023 the council is projected to be holding £669k 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

21. 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 £78.076m as at 31 March 2022). 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 2022-23 and 2023-24**

<b>DRAFT HOUSING CAPITAL PROGRAMME 2023/24</b>				
<b>Ref No:</b>	<b>Project</b>	<b>Original Budget 2022-23(£)</b>	<b>Draft Budget 2023-24 (£)</b>	<b>Variance</b>
A	Replacement Programmes	3,368,290	3,892,500	524,210
B	Improvement Programmes	1,921,870	1,373,930	(547,940)
C	Health & Safety Works	801,190	1,165,000	363,810
D	Major Void Works	250,000	0	(250,000)
E	New Build & Acquisitions	13,863,470	9,231,130	(4,632,340)
F	Housing Computer Systems	600,000	0	(600,000)
G	Replacement Play Equipment	127,500	0	(127,500)
H	Bin Housing	49,470	0	(49,470)
I	CCTV	30,000	32,000	2,000
J	Fire Doors	806,580	800,000	(6,580)
K	LAD2 Grant	0	0	0
L	Energy Efficiency	1,888,650	2,000,000	111,350
M	Structural Surveys	100,000	100,000	0
N	Sheltered Communal Upgrade	116,950	0	(116,950)
O	Cycle Storage	30,000	0	(30,000)
P	Alleyways HRA	105,000	0	(105,000)
	<b>Total HRA Capital Programme</b>	<b>24,058,970</b>	<b>18,594,560</b>	<b>(5,464,410)</b>

**Detailed Housing Capital Programme 2022-23 and 2023-24**

REF No	PROJECT	22-23 Original Budget (£)	22-23 Forecast Outturn (£)	23-24 Proposed Budget (£)
<b>A</b>	<b>Replacement Programmes</b>			
	Kitchen Programme	987,500	1,038,430	637,500
	Bathroom Programme	225,000	471,780	140,000
	Void Replacement Programm	-	-	1,500,000
	Doors & Windows Programme	557,000	640,650	715,000
	Roofing Replacements	890,250	973,720	200,000
	Electrical Tests & Upgrades	708,540	668,050	700,000
		<b>3,368,290</b>	<b>3,792,630</b>	<b>3,892,500</b>
<b>B</b>	<b>Improvement Programmes</b>			
	Modernistaions & Reconfigurations	-	-	-
	Communal Improvements	420,960	420,960	300,000
	Insulations Works	-	-	-
	Heating Installations	899,660	687,480	400,000
	Capital Services & Projects	79,500	112,920	100,000
	Aids & Adaptations	521,750	537,320	573,930
		<b>1,921,870</b>	<b>1,758,680</b>	<b>1,373,930</b>
<b>C</b>	<b>Health &amp; Safety</b>			
	Fire Precaution Works	461,290	292,710	900,000
	Door Entry/Warden Call Systems	97,480	101,700	75,000
	Asbestos Surveys and Removals	-	3,000	-
	Major Lift Refurbishments	141,500	7,190	75,000
	Tanks/Water Mains	-	-	-
	LED Emergency Lighting	100,920	59,730	60,000
	Ventilation, Damp and Mould	-	-	55,000
		<b>801,190</b>	<b>443,950</b>	<b>1,165,000</b>
<b>D</b>	<b>Major Void Works</b>	<b>250,000</b>	<b>750,000</b>	<b>-</b>
<b>E</b>	<b>New Build and Acquisition</b>	<b>13,863,470</b>	<b>5,744,730</b>	<b>9,231,130</b>
<b>F</b>	<b>Housing Computer System</b>	<b>600,000</b>	<b>589,840</b>	<b>-</b>
<b>G</b>	<b>Replacement Play Equipment</b>	<b>127,500</b>	<b>25,670</b>	<b>-</b>
<b>H</b>	<b>Bin Housing</b>	<b>49,470</b>	<b>35,940</b>	<b>-</b>
<b>I</b>	<b>CCTV</b>	<b>30,000</b>	<b>33,690</b>	<b>32,000</b>
<b>J</b>	<b>Fire Doors</b>	<b>806,580</b>	<b>1,021,500</b>	<b>800,000</b>
<b>K</b>	<b>LAD2 Grant</b>	<b>-</b>	<b>144,630</b>	<b>-</b>
<b>L</b>	<b>Energy Efficiency</b>	<b>1,888,650</b>	<b>876,980</b>	<b>2,000,000</b>
<b>M</b>	<b>Social Housing Decarbonisation</b>	<b>-</b>	<b>1,235,010</b>	<b>-</b>
<b>N</b>	<b>Structural Surveys</b>	<b>100,000</b>	<b>18,000</b>	<b>100,000</b>
<b>O</b>	<b>Sheltered Communal Upgrade</b>	<b>116,950</b>	<b>116,950</b>	<b>-</b>
<b>P</b>	<b>Cycle Storage</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Q</b>	<b>Alleyways HRA</b>	<b>105,000</b>	<b>14,000</b>	<b>-</b>
	<b>Totals</b>	<b>24,058,970</b>	<b>16,632,200</b>	<b>18,594,560</b>