

Section Two – Housing Capital Programme

HRA Capital Programme 2024-25

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	2023-24 Original Budget (£)	2023-24 Forecast Outturn (£)	2024-25 Original Budget (£)
Useable Capital Receipts	(4,312,820)	(2,600,110)	(3,227,910)
Grants and Contributions	0	(3,937,060)	(1,100,000)
Depreciation	(5,554,170)	(4,614,170)	(5,330,810)
Revenue Contributions	(3,809,260)	(4,670,730)	(5,330,460)
Borrowing	(6,918,310)	(5,823,870)	(18,091,980)
Total	(20,594,560)	(21,645,940)	(33,081,160)

2. The Original Budget for the Housing capital programme for 2023-24 was £20,594,560. The Forecast Outturn for 2023-24 is £21,645,940, which takes into account approved slippage from 2022-23.

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 £8.455m 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 2024-25 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 Close
- Worcester Close
- 107 Vale Road

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 and its residents.
6. It also includes £11.316m for property acquisitions, as set out in the report to Cabinet on 6 November 2023.
7. A further provision of £500k is included to fund preliminary works on potential major developments and schemes working alongside with other providers.
8. 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.
9. 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. Further borrowing will be undertaken during 2023-24 and in future years.
10. In 2024-25 the capital programme sets out the intention to deliver additional social housing of £9.170m.

Other Capital Expenditure

11. A provision of £65k has been made within the 2024-25 capital programme for CCTV systems to be installed at either Park Place or Medhurst Gardens.
12. A provision of £850k has been included in the 2024-25 capital programme for year 4 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 programme will include replacement doors across 13 sites in 2024-25.
13. 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.
14. 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 £106k has been included in the 2024-25 capital programme for this purpose.

Capital Finance 2024-25 and Beyond

Usable Capital Receipts

15. 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.
16. 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 before increasing significantly in 2022-23. In 2023-24 sales have slowed again and the estimated RTB sales in 2023-24 is currently 12 properties. The number of properties estimated to be sold under RTB in 2024-25 is currently 20 properties.

	2012-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 Projected	2024-25 Estimate
Number of Council Houses sold through the Right to Buy Scheme	153	23	21	31	16	32	39	12	20

17. 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 £8.295m as at 31 March 2024 (£10.118m at 31 March 2023).
18. The projected level of general housing capital receipts held by the council is anticipated to be £1.884m as at 31 March 2024 (£1.656m at March 2023).

Depreciation

19. 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.
20. The projected level of funds held by the council in the Major Repairs Reserve is anticipated to be £6.481m at 31 March 2024 (£5.765m at 31 March 2023).

Reserves

21. The council holds several general and specific reserves which are intended to meet future requirements. As at 31 March 2024 the council is projected to be holding £893k 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

22. 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 £99.274m as at 31 March 2023). 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 2023-24 and 2024-25

DRAFT HOUSING CAPITAL PROGRAMME 2024/25				
Ref No:	Project	Original Budget 2023-24(£)	Draft Budget 2024-25 (£)	Variance
A	Replacement Programmes	3,892,500	4,135,200	242,700
B	Improvement Programmes	1,373,930	1,629,620	255,690
C	Health & Safety Works	1,165,000	1,775,720	610,720
D	New Build & Acquisitions	11,231,130	22,336,410	11,105,280
E	Housing Computer Systems	0	83,480	83,480
F	CCTV	32,000	64,610	32,610
G	Fire Doors	800,000	849,880	49,880
H	Drainage	0	100,000	100,000
I	Energy Efficiency	2,000,000	2,000,000	0
J	Social Housing Decarbonisation	0	0	0
K	Structural Survey	100,000	106,240	6,240
L	Sheltered Communal Upgrade	0	0	0
Total HRA Capital Programme		20,594,560	33,081,160	12,486,600

Detailed Housing Capital Programme 2023-24 and 2024-25

REF No	PROJECT	23-24 Original Budget (£)	23-24 Forecast Outturn (£)	24-25 Proposed Budget (£)
A	Replacement Programmes			
	Kitchen Programme	637,500	587,500	677,250
	Bathroom Programme	140,000	140,000	148,730
	Void Replacement Programm	1,500,000	1,650,000	1,575,000
	Doors & Windows Programme	715,000	715,000	543,090
	Roofing Replacements	200,000	-	497,470
	Electrical Tests & Upgrades	700,000	600,000	693,660
		3,892,500	3,692,500	4,135,200
B	Improvement Programmes			
	Communal Improvements	300,000	432,400	318,710
	Heating Installations	400,000	200,000	564,950
	Capital Services & Projects	100,000	-	56,240
	Aids & Adaptations	573,930	616,930	689,720
		1,373,930	1,249,330	1,629,620
C	Health & Safety			
	Fire Precaution Works	900,000	956,800	1,056,120
	Door Entry/Warden Call Systems	75,000	68,400	79,680
	Major Lift Refurbishments	75,000	65,000	504,680
	LED Emergency Lighting	60,000	60,000	83,740
	Ventilation, Damp and Mould	55,000	55,000	51,500
		1,165,000	1,205,200	1,775,720
D	New Build and Acquisition	11,231,130	11,741,730	22,336,410
E	Housing Computer System	-	198,800	83,480
F	CCTV	32,000	32,000	64,610
G	Fire Doors	800,000	847,000	849,880
H	Drainage	-	-	100,000
I	Energy Efficiency	2,000,000	1,714,550	2,000,000
J	Social Housing Decarbonisation	-	770,100	-
K	Structural Surveys	100,000	100,000	106,240
L	Sheltered Communal Upgrade	-	94,730	-
	Totals	20,594,560	21,645,940	33,081,160