

## HRA Capital Investment Programme 2022/23

Date: 20/06/22

Report of: Head of Strategy and Investment

Report to: Director of Communities, Housing and Environment

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### What is this report about?

#### Including how it contributes to the city's and council's ambitions

- This report sets out the priorities for the 2022/23 Housing Revenue Account (HRA) capital investment programme.
- The HRA capital investment programme will contribute to several of the Best Council Plan Objectives which includes providing housing of the right quality, type, tenure and affordability in the right places as well as improving energy performance in homes, with a focus on reducing fuel poverty.

### Recommendations

The Director of Communities, Housing and Environment is requested to:

- a) Authorise a total capital investment programme for 2022/23 to the value of £95m
- b) Note that Authority to Spend to the value of £44.3m has already been approved for some projects within the 2022/23 programme.
- c) Approve expenditure for the remaining 2022/23 programme for £50.7m.
- d) Note that schemes within the programme of a complex nature may be brought forward and authority to spend will be requested as and when they reach design freeze in the course of the 2022/23 financial year.

## Why is the proposal being put forward?

- The HRA capital investment programme appended at Appendix A sets out the intended investment for the HRA portfolio during the financial year 2022/23. This investment will ensure that the Council meets its statutory health & safety obligations, and will also support the Best Council Plan objectives:
  - Housing – of the right quality, type, tenure and affordability in the right places
  - Housing - improving energy performance in homes, reducing fuel poverty
  - Climate Emergency – district heating, energy efficiency works to council homes.

## What impact will this proposal have?

**Wards affected:** All, City wide programme

Have ward members been consulted?       Yes       No

- It is anticipated that this investment will have a significant positive impact for housing tenants and their families. Investment will be broadly grouped into the following programmes of work:
  1. Installation of renewable heating technologies including Ground Source Heat Pumps to support decarbonisation of the council housing portfolio. A proactive programme to install a range of energy efficiency measures to improve thermal comfort and reduce fuel poverty supporting Health and Wellbeing.
  2. Estate regeneration activity across the city with a focus in priority neighbourhood areas, supporting Inclusive Growth.
  3. Delivery of a city wide, environmental programme to enhance the environment on the HRA estate including supporting biodiversity and climate change. This programme will work collaboratively with other council services to support active travel, physical and active lifestyles.
  4. Investment to improve and maintain the quality of council homes to 'Decent Homes' standards, as set by the Social Housing Regulator, through elemental programmes to replace roofing, kitchens, bathrooms, heating systems, windows and doors.
  5. A proactive programme to meet Health and Safety regulations including lifecycle replacement across the HRA estate.
  6. A programme of Fire Safety works across the council housing portfolio.
  7. Investment to install adaptations to meet statutory requirements and promote independent living.

## What consultation and engagement has taken place?

- The high level HRA capital investment programme for 2022 -2025 was presented to Executive Board on the 9th February 2022, with funding injected and approved at full Council on 23rd February 2022, this was subject to Executive Member consultation at that time.

## What are the resource implications?

- The resources required to deliver the capital investment programme will be primarily funded through the HRA, with some external funding secured to support specific projects. Some agility will need to be maintained in the programme over the following 12 month period for acceleration and slippage in response to changes in the internal and external environment.

- **Capital Funding and Cashflow**

Current Injections and Authority to Spend within the Housing Leeds Programme	TOTAL £000's	FORECAST			
		2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Injections requiring future ATS	230,383.1		59,951.3	86,000.0	84,431.8
Construction ATS to Date	70,329.3	44,280.6	26,048.7		
<b>TOTALS</b>	<b>300,712.4</b>	<b>44,280.6</b>	<b>86,000.0</b>	<b>86,000.0</b>	<b>84,431.8</b>
Authority to Spend required for this Approval	TOTAL £000's	FORECAST			
		2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
CONSTRUCTION (3)	50,719.4	50,719.4			
OTHER FEES / COSTS (7)	0.0				
<b>TOTALS</b>	<b>50,719.4</b>	<b>50,719.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	FORECAST			
		2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
Housing Revenue Account	273,660.3	60,769.0	65,384.0	73,713.0	73,794.3
Right to Buy Receipts	53,446.1	16,346.4	14,175.3	12,287.0	10,637.5
European Grant	14,553.1	8,296.6	6,256.5		
Private Sector	184.2		184.2		
Government Grant - SHDF	9,588.0	9,588.0			
	0.0				
<b>Total Funding</b>	<b>351,431.8</b>	<b>95,000.0</b>	<b>86,000.0</b>	<b>86,000.0</b>	<b>84,431.8</b>
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### What are the legal implications?

- HRA funding must be spent on HRA eligible activity, there are no other, known legal implications. The decision is eligible for call-in.

### What are the key risks and how are they being managed?

Key risks are as follows:

- Current vacancies stand at 17%, significantly higher than the organisational average. The resources for the delivery of the programme are from within the Housing Revenue Account and associated balances and reserves. Significant inward investment has been secured which includes funding for additional staffing however there have been delays in filling all posts due to difficulties in recruiting technical staff. A proactive round of recruitment has commenced. The skills and experience lost through leavers in recent years are being steadily rebuilt, although progress has been slower than expected due to recruitment challenges. It is anticipated that a full structure will take a further 6-12 months to achieve. In the interim a business case is being prepared to convert several temporary posts in the service to permanent as well as the use of agency staff to provide temporary essential support to deliver the programme where appropriate.
- There are risks in relation to the market capacity to cope with the added demand arising from government funded schemes and the associated delivery timeframes.
- There continues to be the risk of availability a significant increase in the cost of materials and labour due to the global events including the pandemic and most recently the war in Ukraine and its impact on energy prices.
- Whilst unlikely, there is the potential of further national restrictions and dialogue will continue with contractors and their supply chain to ensure safe working on-site and compliance with agreed risk assessments. The programme will retain flexibility to accelerate externally focussed schemes in response to tenant refusal to allow access or government restrictions.

All above risks are captured on risk register, mitigating actions are in place and are being monitored.

## **Does this proposal support the council's three Key Pillars?**

Inclusive Growth       Health and Wellbeing       Climate Emergency

- This programme will support all three of the council's key pillars:

### **Inclusive Growth**

- Energy efficiency works will lower the cost of heating homes, helping to reduce fuel poverty and increasing the disposable income of tenants.

### **Health and Wellbeing**

- The environmental programme will support active travel and encourage healthy, physically active lifestyles.
- Energy efficiency works will increase the thermal comfort of homes and improve the health and wellbeing of residents by enabling them to live in warmer homes and benefit from affordable warmth.
- Regeneration projects in priority neighbourhoods will improve resident's sense of space, place, and pride in their neighbourhood.

### **Climate Emergency**

- Renewable heating solutions using air source and ground source heat pumps and district heating clusters will improve energy efficiency, EPC ratings and support the decarbonisation of council homes.

## **Options, timescales and measuring success**

### **What other options were considered?**

- Not applicable

### **How will success be measured?**

- Success measures include the following:
  - Health and safety and fire safety standards will be maintained and improved through investment
  - The percentage of homes meeting the decent homes standard will remain at or above 90%
  - Thermal comfort will increase in council homes along with affordable warmth for tenants
  - Regenerative projects within priority neighbourhood will improve community perception of homes and the local area
  - Energy performance, SAP ratings of council homes will improve
  - Value for money will be achieved in all commercial contracts
  - Environmental projects will contribute to council priorities including improving bio-diversity, health and wellbeing through active travel.

### **What is the timetable for implementation?**

- Individual projects will commence at different points during the year and detailed timescales are included on the individual key decision reports for complex projects.

## **Appendices**

- Appendix A – 2022/23 HRA capital investment programme

## Background papers

- None