

## **Appendix 3b**

The capital plan outlined above will be reviewed following the finalisation of the outturn of the 2023/24 programme and, if required, works may be re-profiled across future years. This revised position will be reported to Communities Committee during the first monitoring cycle in 2024/25 with quarterly progress reports being reported to Communities Committee thereafter. Borrowing requirements will be reviewed quarterly with the impact of borrowing being reviewed annually.

### **New Build Programme**

The HRA business plan is currently under review. Meantime, any new proposals for Council New Build developments will be subject to financial viability assessments. The delivery of the New Build programme is closely monitored, with any changes in the programme being subject to approval by Communities Committee in relation to the overall affordability of the 30-year business plan. There also continues to be significant challenges within the sector relating to high labour and material costs, availability of labour, balancing affordable rent levels, whilst meeting increasing standards required by changing legislation such as energy efficiency and net zero targets. The Service continues to monitor potential areas for development that will help contribute towards the Scottish Governments target of 110,000 new homes in the period up to 2032.

### **Stock Improvements**

The stock improvements budget allows for business as usual (BAU) component upgrades; bathrooms, kitchens, heating systems, electrical works, doors and windows to keep the Council's stock in an acceptable condition. This budget also allows works to be completed to bring properties up to the Energy Efficiency Standard for Social Housing (ESSH and ESSH2). This work includes cavity, internal and external wall insulation, photovoltaics & batteries. Both BAU, ESSH and ESSH2 work is delivered through the Housing Improvement Plan (HIP) which is a framework of 4 contractors who were appointed to deliver a four-year programme of upgrades. HIP 2 is currently being developed, focusing on BAU works until the Social Housing Net Zero Standard (SHNZS), is released. This is currently estimated to be by late 2025. Regular updates on the programme are reported by the Property Service to Communities Committee and briefings are provided to Area Committees.

### **Internal Wall Insulation (IWI)**

Following the success of the Housing Service's successful bid for grant funding from the Scottish Government in 2022/23, the IWI team was doubled in size through recruitment of additional operatives. A further grant award of £2,443k has been secured from the Scottish Government for the 2024 calendar year. Continued match funding will be required from the Council to undertake this essential work in order to meet the Energy Efficiency Standard for Social Housing Two (ESSH2) deadline of 2032 and the proposed Social Housing Net Zero Standard (SHNZS).

### **Other Capital Expenditure**

Funding of £0.559m has been set aside within the budget in years 2024–25 and 2025–26 in order to fund the following:

- replacement of critical ICT infrastructure and for the future digitalisation and automation of services. This links to the continual improvement of services to users and will be required to ensure that efficiency savings that can be made through utilising new and emerging technologies are achieved.
- upgrades required to sheltered housing car parks following identification of issues around car parks that had not been formally adopted by the Council's General Fund. These car parks are in the process of being officially handed back to the HRA and will require investment to bring these up to standard.
- upgrade of a roadway at Gauchhill, Kintore in order for it to be adopted by the Roads service.