

**Committee Name and Date of Committee Meeting**

Cabinet – 17 March 2025

**Report Title**

Housing Capital Programme 2025-29

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report seeks Cabinet authorisation for the Housing Revenue Account (HRA) Capital Programme for 2025-29. Key areas of focus include improving council homes, providing aids and adaptations, and acquiring and building new council homes. The report summarises the investment that has taken place or is planned to take place during 2024-25, provides an outline four-year Capital Programme (2025-26 to 2028-29) and a detailed programme for 2025-26.

Total planned HRA capital investment in the years 2025-26 to 2028-29 is £290.906m. This sum has been modelled and included with the 2025-26 HRA Business Plan that was approved by Council on the 15<sup>th</sup> January 2025.

**Recommendations**

That Cabinet:

1. Approves the four-year outline Housing Revenue Account Capital Programme 2025-26 to 2028-29 with total planned investment of £291m broken down into the following areas of investment:
  - Improving homes and estates £154.1m
  - Aids and adaptations to Council homes £13.2m
  - Housing Delivery Programme £121m
  - IT and digital transformation £2.6m

2. Approve the detailed 2025-26 Housing Revenue Account Capital Programme with total planned investment of £73m broken down into the following areas of investment:
  - Improving homes and estates £33.1m
  - Aids and adaptations to Council homes £3.3m
  - Housing Delivery Programme £36m
  - IT and digital transformation £0.5m

### **List of Appendices Included**

- Appendix 1 2025-26 to 2028-29 Housing Revenue Account Capital Programme by area
- Appendix 2 2025-26 Housing Revenue Account Capital Programme budget detail
- Appendix 3 2025-26 to 2028-29 Improving Homes and Estates budget detail
- Appendix 4 2025-26 to 2028-29 Public Aids and Adaptation budget detail
- Appendix 5 2025-26 to 2028-29 Housing Delivery Programme budget detail
- Appendix 6 Housing Revenue Account Capital Programme funding
- Appendix 7a Equalities screening assessment
- Appendix 7b Equality analysis form
- Appendix 8 Carbon impact assessment

### **Background Papers**

[HRA Business Plan 2025-26](#)

[Aids and Adaptations Policy 2024](#)

[Housing Delivery Programme 2025-26](#)

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

### **Council Approval Required**

No

### **Exempt from the Press and Public**

No

## Housing Capital Programme 2025-29

### 1. Background

- 1.1 The Housing Revenue Account (HRA) Capital Programme encompasses four broad areas of investment:
- Improving council homes and estates
  - Provision of aids and adaptations to enable tenants to remain in their homes
  - Acquisition and build of new council homes (Housing Delivery Programme)
  - Investment in IT and digital transformation

- 1.2 The scope of this report is HRA capital investment only. The Council also makes capital investments via the Furnished Homes service and through Disabled Facilities Grants (DFGs) for privately owned homes. These are not funded via the HRA.

#### 2025-26 HRA Business Plan

- 1.3 The 2025-26 HRA Business Plan was approved by Cabinet on the 16<sup>th</sup> December 2024 and by Council on 15<sup>th</sup> January 2025.
- 1.4 The HRA Business Plan is updated annually to ensure it reflects the current operating environment. The 2025-26 Business Plan prioritises investment in three core areas:
- Ensuring tenant's homes are safe, decent and thermally efficient.
  - Extending the benefits of council housing to more residents by expanding the Housing Delivery Programme.
  - Modernising the housing service to enhance customer experience, improve productivity and achieve full regulatory compliance.

- 1.5 The HRA Business Plan incorporates emerging proposals to direct additional investment into the Council's existing homes, while continuing to deliver hundreds of new homes.

#### Key investments made in 2024-25

- 1.6 As of December 2024, the 2024-25 HRA Capital Programme had an approved investment programme of £57.283m. Appendix 1 sets out completed and planned investment by area. The table below summarises what investment in 2024-25 will deliver.

**Table 1: Summary of HRA Capital Programme 2024-25 investments**

<b>Improving homes and estates (£28m)</b>	<ul style="list-style-type: none"><li>• Refurbishment works including re-roofing and kitchen and bathroom replacements. Major roofing schemes have been delivered in Dalton, Thurcroft, Maltby and East</li></ul>
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	<p>Herringthorpe, and the Council is on track to replaced 200 kitchens and bathrooms.</p> <ul style="list-style-type: none"> <li>• Replacement of 1,700 central heating systems.</li> <li>• Approximately 450 properties have benefited from additional loft insulation.</li> <li>• Major works have been completed in 500 vacant properties.</li> <li>• Environmental improvement schemes in Greasborough, Kimberworth, Rawmarsh and Thrybergh.</li> </ul>
<b>Aids and adaptations in council homes (£2.6m)</b>	<ul style="list-style-type: none"> <li>• 740 major adaptations, such as level access showers, hard standings, and showers over baths.</li> <li>• 1,619 minor fixings installed, such as grab rails, key safes, and easy access steps.</li> <li>• 703 minor Council adaptations delivered, including external handrails and door widening.</li> </ul>
<b>Delivering new council homes (£26m)</b>	<ul style="list-style-type: none"> <li>• 10 Council new build homes at East Herringthorpe.</li> <li>• 126 new homes acquired.</li> <li>• More detail is provided in six monthly Housing Delivery Programme reports to Cabinet.</li> </ul>

## 2. Key Issues

2.1 This report seeks Cabinet approval for a 4-year Capital Programme covering the years 2025-26 to 2028-29. The table at Appendix 1 sets out the proposed programme, which is split into four areas:

- (a) Improving council homes and estates
- (b) Providing aids and adaptations
- (c) Delivering new council homes (Housing Delivery Programme)
- (d) Investing in IT to support digital transformation

### (a) Improving council homes and estates

2.2 Investing in existing assets and maintaining them to the Decent Homes standard is a high priority for the Council and as such the programme includes a significant increase in investment in council homes and estates – worth approximately £25m across the three years 2026-27 to 2028-29 – over and above amount invested in 2024-25 and 2025-26. This additional investment will mean increased spend on external elements (roofs, facias, soffits, guttering), internal elements (e.g. bathrooms and kitchens), measures to ensure all properties meet Energy Performance Certificate (EPC) Band C by 2030, and additional investment in the estate and environmental improvements programme.

- 2.3 Capital investment in existing stock will positively impact council tenants' quality of life, financial stability, and housing security:
- **Improved living conditions** - An on-going Capital Programme ensures properties are well maintained and meet decency. This investment will include modernisation of kitchens and bathrooms, structural repairs and replacing outdated heating systems.
  - **Energy efficiency and thermal comfort** - Investing in better insulation and renewable energy systems can significantly reduce the energy costs for tenants, this in turn enables them to better manage household budgets and reduce their environmental footprint.
  - **Health and wellbeing** - A well-maintained home will prevent issues such as damp, mould and poor ventilation. These can cause or aggravate health issues. Investing in aids and adaptations ensures accessibility, independence, and improved quality of life.
- 2.4 A proposed breakdown of the capital investment for 2025-26 to 2028-29 can be found at Appendix 3. This is based on current stock information held. The breakdown will be adjusted over the course of 2025-26 in line with ongoing work to conduct stock condition surveys, develop a decarbonisation plan and refresh the Council's Housing Asset Management Strategy.
- Stock condition surveys*
- 2.5 The Council has a stock condition database that helps inform the 30-year business plan and the four-year capital investment programme. The data held within the system is primarily based on stock condition surveys that were undertaken between 2004 to 2010. Since then, it has been updated with different surveys and completed works information. However, only limited full house stock condition surveys have been undertaken over the past five years and this has been identified as a key improvement area in Housing Regulatory Assurance reports provided to Cabinet.
- 2.6 Using in-house surveyors, the Council has conducted or plans to conduct 700 stock condition surveys during 2024-25, focused on those properties where condition information is limited. In parallel, the Council is working with an external contractor to undertake a programme of stock condition surveys to 100% of properties over the next three years. A pilot programme of surveys commenced in early February with the full project due to ramp up from next month.
- 2.7 At the end of December 2024 94.11% of council homes in Rotherham met the Decent Homes standard. Without regular surveying and targeted, proactive investment, more homes will fall into non-decency each financial year. The Council is carrying out proactive element-specific surveys to review the condition of potentially failing elements and make amendments to stock data accordingly.

- 2.8 The outcome of the stock condition survey will inform the evolution of the Capital Programme and in particular the investment required to ensure the Council's housing stock meets the Decent Homes Standard.

*Decarbonisation plan*

- 2.9 By 2030, all social housing must achieve EPC band C where reasonably practicable. As of 31<sup>st</sup> December 2024, 57.43% of council homes in Rotherham were at EPC band C or above, which means approximately 9,000 council homes do not achieve band C. The Capital Programme includes investment earmarked to support energy efficiency improvements. Additionally, a funding bid has been submitted to the Department for Energy Security and Net Zero as part of the Warmer Homes scheme to secure investment that could enable the Council to deliver works to 1,470 council homes to achieve EPC C. This element of the proposed Capital Programme may need to be amended once the outcome of this bid is known.

*Gearing up for delivery*

- 2.10 As well as increasing investment, the Council is aiming to move towards a more proactive, intelligence-led investment programme and to work with the supply chain to ensure planned improvements can be delivered to time and to budget. A review is underway into the structure and resources within the Council's Housing Property Service to ensure the Council is geared up to deliver. This work will be concluded during 2025-26 so any new arrangements are in place prior to the additional investment kicking in during the following three years.

*Detailed programme for 2025-26*

- 2.11 The detailed 2025-26 programme can be found at Appendix 2. The programme includes continued delivery of phased external projects (e.g. roofing schemes) across the borough including, in Catcliffe, East Herringthorpe, Thurcroft, Richmond Park, West Melton and Maltby. The programme also includes a major rewiring project at Wharnccliffe flats, the renewal of approximately 1,700 boilers and 200 kitchens or bathrooms.
- 2.12 The programme includes £2m for larger planned repairs for example repairs to paths, paving and boundary walls, plastering and pointing. There is also £2m for ventilation works, which forms part of a wider investment package to help prevent and mitigate damp and mould within properties.
- 2.13 In addition to this there is £1.8million which will see works being undertaken to improve the thermal efficiency of assets which will result in more properties reaching EPC Band C. This may be increased depending on the outcome of the Council's bid to the Warmer Homes scheme.
- 2.14 The programme also includes £6.5m for major refurbishments to properties that become empty and are due to be re-let to a new tenant. This budget

has increased significantly in recent years, driven by factors such as outdated kitchens and bathrooms, damp-proofing works, and rewiring.

(b) Providing aids and adaptations

- 2.15 This programme includes £13.2m over four years to deliver aids and adaptations to council homes, enabling older or disabled tenants to remain in their homes. Appendix 4 shows the budget breakdown over the 4 years.
- 2.16 In 2025-26 the £3.3m budget is expected to deliver approximately 900 major adaptations such as level access showers and 850 minor adaptations such as handrails and door widening. The detailed 2025-26 programme can be found at Appendix 2.
- 2.17 The Aids and Adaptations Service works closely with Housing Occupational Therapists to ensure homes that have already been adapted are utilised appropriately. Alternative housing options are always considered before costly adaptations are installed. In some cases, financial assistance towards the cost of moving is more cost effective than paying for adaptations. Following an in-depth assessment carried out by an Occupational Therapist, the suitability of the current accommodation is assessed. It may be deemed necessary to install minor adaptations and fixings as a short-term solution prior to moving to alternative accommodation.

(c) Delivering new council homes (Housing Delivery Programme)

- 2.18 The proposed Capital Programme includes £121m to support the Council's Housing Delivery Programme. This includes £88m to deliver the existing pipeline of projects to achieve 1,000 new council homes by summer 2027, alongside a further £33m to ensure the continuation of the Housing Delivery Programme beyond 2027. This programme of activity will continue to deliver much needed affordable housing within the borough while increasing rental income to the HRA and helping to reduce the impact of Right to Buy on council housing stock levels.
- 2.19 Appendix 5 shows how the £121m of proposed investment is split across the four Housing Delivery Programme workstreams and the four financial years in scope of this report. Earmarked investment is deliberately heavily backloaded, with £55m profiled in 2028-29. As specific schemes are identified and agreed via business cases or specific Cabinet approvals, investment is re-profiled into the correct financial years.
- 2.20 The programme assumes delivery of approximately 440 units across the 4 workstreams;
- New build
  - S106 Acquisitions
  - Market Acquisitions
  - Small Sites Homebuilding Initiative
- 2.21 It is forecast that in 2025-26 a total of 27 new build homes will be completed including 13 at Warden Street and 10 at Princess Street. 102 homes will be

acquired, 66 directly from the market and 13 S106 homes at Laughton Gate. The detailed 2025-26 programme can be found at Appendix 2. The budget of £36m reflects the current approved budget. As mentioned in section 2.19 further budget will be reprofiled from 2028-29 as schemes come forward for approval.

- 2.22 In practice, the exact schemes which are delivered is likely to change in response to a range of factors. It is important to ensure that both individual projects and the overall programme delivers value for money and all projects are subject to specific approvals.

#### (d) Investing in IT to support digital transformation

- 2.23 The Council has an established rolling programme of capital investments into its IT and digital infrastructure and certain elements of this are supported with HRA investment. In line with this, the proposed Capital Programme includes £500k investment in IT during 2025-26. The detailed 2025-26 programme can be found at Appendix 2.

- 2.24 In addition, the 2025-26 HRA Business Plan identified an opportunity for additional investment to support digitally transformation activities and earmarked an increased budget of more than £2m across 2026-27 and 2027-28. Early priorities include supporting the transition to digital mobile working, upgrades to the Housing Online system and further investment in compliance systems.

- 2.25 Over the medium term, a housing digital transformation programme is being developed which will provide a roadmap for how the housing service will transition to digital by default allowing easier access for tenants and streamlining back-office processes. Areas of focus will include:
- Digitising back-office processes across all services
  - Updating and expanding the use of Nippon Electric Company (NEC) housing software
  - Improving customer access channels using technology

#### Funding sources

- 2.26 Appendix 6 sets out the funding sources of the proposed £290.906m HRA Capital Programme.

#### *Grants and Contributions*

- 2.27 It has been assumed that overall the remaining Housing Delivery Programme will be funded by 40% grant, this is either RTB141, S106 affordable housing contributions or grant from other sources such as:

- Homes England Affordable Homes Programme
- Brownfield Housing Fund
- Brownfield Release Land Fund
- Local Authority Housing Fund



- 2.28 The grant funding requirements will be closely monitored and will be reported to the Housing Capital Programme Board and Housing Delivery Programme Board, along with the impact of project approvals and the overall viability of the programme.

#### *Warm Homes Grant*

- 2.29 The Department for Energy Security and Net Zero (DESNZ) gave Housing Providers the opportunity to bid for funding under the Warm Homes: Social Housing Fund Wave 3. The funding will upgrade a significant amount of the social housing stock currently below Energy Performance Certificate (EPC) band C up to that standard. It will support the installation of energy performance measures in social homes in England, and help:

- deliver warm, energy efficient homes
- reduce carbon emissions
- tackle fuel poverty
- support green jobs
- develop the retrofit sector
- improve the comfort, health, and well-being of social housing tenants

- 2.30 The service area submitted a challenge fund bid for 1470 properties to receive a combination of measures including solar panels, LED lighting, along with cavity, and loft insulation. It is also anticipated that up to 10% of the homes within the application will also have their heating systems replaced from gas to air source. The estimated cost of the scheme is £27.3million, which is made up of £14.9million grant funding, along with £12.4million co-funding contribution from The Council.

#### *Unsupported Borrowing*

- 2.31 Additional borrowing is required in from 2026-27 to 2028-29 to support necessary investment in existing stock and to fund the continuation of the Housing Delivery Programme. The need for additional borrowing was reflected in the 2025-26 HRA Business Plan and provision for servicing this level of debt was built into the plan. The Business Plan was modelled to ensure healthy balances are maintained in all years. Work will take place during 2025-26 to develop the operating principles for additional HRA debt.

### **3. Options considered and recommended proposal**

- 3.1 Option 1 – Do not agree the proposed Capital Programme within this report. This would impact on the Council’s ability to maintain, improve, and add to its housing stock. This would bring with it reputational risks with tenants and residents of Rotherham, external funders, and regulatory bodies. It would also mean the Council is unable to deliver on several legislative and regulatory requirements or the Council’s strategic priorities. This option is not recommended.

3.2 Option 2 - Agree with the recommendations set out in this report and the use of funds to deliver the outlined programme in the supporting appendices. This is the recommended option.

#### **4. Consultation on proposal**

4.1 The Council has an active tenant engagement service supported by a Tenant Engagement Framework and a commissioned Tenant Federation contract. Consultation on housing services provided by the Council is undertaken throughout the year via the Housing Involvement Panel. The Housing Service also hold numerous tenant consultation events throughout the year, for instance the Annual Tenants Conference. These provide an insight into tenant priorities and are used to shape investment priorities.

4.2 Consultation on potential major investment schemes will also involve ward members and residents.

#### **5. Timetable and Accountability for Implementing this Decision**

5.1 Following approval of the housing Capital Programme budget, the programme will be delivered as part of the 2025-26 Capital Programme of the Council.

#### **6. Financial and Procurement Advice and Implications**

6.1 The financial implications are set out in detail in Section 2 above. Proposed funding for the programme is shown at paragraph 2.26. Appendices 1 to 5 provide more detailed budgets by scheme or work area. The report proposes a Housing Revenue Account capital budget of £72.942m in 2025/26.

6.2 The grant funding anticipated for Housing Growth schemes will be secured as specific schemes are identified and agreed via business cases or specific Cabinet approvals where required.

6.3 Proposed borrowing will be secured as required dependent upon delivery and progress of relevant schemes. The revenue stream to support additional borrowing costs has been built into the HRA BP model and factored into revenue budget projections.

6.4 The viability of Housing Growth schemes will be reviewed as each individual scheme comes forward for approval.

6.5 The proposals have been tested for affordability in the latest iteration of the HRA Business Plan model and were included with the 2025-26 HRA Business Plan that was approved by Council on the 15<sup>th</sup> January 2025.

6.6 The HRA Capital Programme will be managed in line with the Council's key principles as detailed in the Budget and Council Tax 2025-26 and Medium

Term Financial Strategy Report approved by Cabinet on 10 February 2025 and being considered by Council on 5<sup>th</sup> March.

- 6.7 All procurement activity that supports delivery in this report must be procured in compliance with relevant legislation (the Public Contracts Regulations 2015 or the Procurement Act 2023), whichever is the applicable legislation for the project, as well as the Council's own Financial and Procurement Procedure Rules.

## **7. Legal Advice and Implications**

- 7.1 The contents of this report are in accordance with previous decisions, delegations and the Council's constitution and there are no legal implication arising from the contents.

## **8. Human Resources Advice and Implications**

- 8.1 There are no direct Human Resources implications arising from the recommendations contained in this report.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 Building new council homes can have a range of positive implications for children, young people and vulnerable adults including stability and sense of security, improved educational outcomes, better physical and mental health.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 The Council is aware of its duties under the Equality Act 2010 to promote equality, diversity, cohesion and integration and has ensured that the Housing Capital Programme is compliant with that duty. An initial equalities screening has been carried out to assess the impact of these proposals and due to the scale of investment and nature of households affected the Council has completed an Equality Impact Assessment for this plan. This will ensure the Council continues to promote positive impact and reduce or remove negative impact as a result of the proposed investments. An Equalities Analysis is attached at Appendix 7a and 7b.

## **11. Implications for CO2 Emissions and Climate Change**

- 11.1 Given the Government's commitment for the UK to achieve net zero carbon by 2050 and the Council's target for Net Zero greenhouse gas emission in the Borough of Rotherham is 2040, 10 years sooner than the UK target, this will require substantial investment in the Council's housing stock over the life of the Business Plan. Initial estimates put the cost of this at circa £600m which represents a formidable challenge to the HRA. As a result, this means that drawing in external funding to progress net zero commitments becomes even more significant. Participation in national grant funding schemes will be prioritised.

A copy of Carbon impact assessment is attached at Appendix 8.

## **12. Implications for Partners**

- 12.1 This report contributes to the sustainable neighbourhoods agenda by addressing future investment needs and it will help deliver a better quality of affordable housing to the community.

## **13. Risks and Mitigation**

### *Inflation*

- 13.1 Inflation is assumed within the budgets presented, however if inflation increases at a greater rate than forecast this will impact on the level of affordability within the programme, potentially resulting in reduced outputs or schemes becoming unviable. Inflation assumptions are reviewed annually as part of the HRA business planning process.

### *Funding*

- 13.2 The delivery of the Housing Capital Programme, particularly the Housing Delivery programme relies on maximising grant income. If the required grant levels are not achieved the mix of funding will need to be reviewed and the impact on the overall programme will be assessed.
- 13.3 Section 2.31 highlights the need for additional borrowing to fund the Housing Capital Programme. Borrowing was included with the 2025-26 HRA business plan modelling and during 2025-26 work will be done to ensure a robust HRA investment framework is put in place to ensure the viability of any HRA investment.

### *Delivery*

- 13.4 Ensuring that the Housing Capital Programme is delivered within scope and budget will be achieved through the housing capital governance structure that is in place. The Housing Capital Programme Board oversees the financial and output position of the overall programme and the Housing Delivery Programme Board monitors the delivery of new build and acquisition projects.
- 13.5 Regular contractor meetings take place to ensure contractor and supply chain resilience.
- 13.6 Risks directly related to a project will be addressed in the project SOP/SOC or business case when it is bought forward for approval.

## **14. Accountable Officers**

Ian Spicer, Strategic Director for Adult Care, Housing and Public Health

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp OBE	03/03/25
Strategic Director of Finance and Customer Services (S.151 Officer)	Judith Badger	17/02/25
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	19/02/25

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