



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 22 MARCH 2022

SUBJECT: HOUSING INVESTMENT 2021/22

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 This report informs the Committee of the budget position to 31 December 2021 for the Housing Investment Programme for 2021/22.
- 1.2 This report is submitted to Committee in terms of Section III G (3) of the Council's Scheme of Administration relating to the maintenance of the Council's housing stock.

2. RECOMMENDATION

2.1 It is recommended that the Committee consider and notes:-

- (i) the position as at 31 December 2021 with regards to the Housing Investment Programme for 2021/22, as detailed in Section 3 and Appendices I to VI; and
- (ii) the revised Housing Investment Programme projected outturn to 31 March 2022, as detailed in Section 3 and Appendices I to VI of the report.

3. BACKGROUND

Investment Programme

- 3.1 **APPENDIX I** shows income and expenditure for 2021/22. The Appendix includes expenditure of £4,414k on the Council house new build programme as 'Other Capital Expenditure'. This is provided for information only as this is reported on separately along with an update having been provided at the February Committee. Spend of £8,059k was achieved on the Housing Investment Programme to 31 December 2021, which represents 43% of the agreed programme. The level of expenditure within the individual budget headings that make up the programme are shown in paragraphs 3.2 to 3.5 below. The expenditure figure represents all payments, which have progressed through the finance system to 31 December 2021. Expenditure has been severely impacted by COVID restraints, with a number of works

delayed even allowing for the easing of Coronavirus restrictions in late April 2021.

- 3.2 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £2,643k to 31 December 2021 and represents 60% of the agreed programme. A full repairs service recommenced in late April 2021 and the annual repairs budget spend is now anticipated to overspend by £100k. Coronavirus restrictions also led to a reduction in void properties allocated to new tenants during quarter 1, as well as a number of delays that include utility and material supply issues throughout the year to date. Void numbers and relets have now increased and it is anticipated that annual voids budget will overspend by £27k.
- 3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £272k was achieved to 31 December 2021 and represents 49% of the agreed programme level. The projected outturn is £492k this being 88% of the original budget which has been affected by the continuing COVID-19 pandemic.
- 3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £422k was achieved to 31 December 2021 and represents 62% of the agreed programme level. The projected outturn is £504k this being 75% of the original budget which has been affected by the continuing COVID-19 pandemic.
- 3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £4,722k was achieved to 31 December 2021 and represents 36% of the agreed programme level. The spend to date is significantly less than initial budget projections, and the revised outturn now projects an overall spend of £8,674k, which is £4,378k less than the original budget.
- The Energy Efficiency Standard for Social Housing (EESH) programme expenditure figures are very low in relation to budget. The main reason for this was the delay in concluding a major contract for Warm Homes Round 4 grant funding with OVO Energy Limited (OVO). The COVID-19 lockdowns and COVID-19 measures have affected delivery of this programme earlier in the year. However, the global microchip shortage has also extended lead in periods for Air Source Heat Pumps and boilers. Further to this, one of OVO's subcontractors has withdrawn from the contract, and a replacement has only recently been put in place. Unfortunately, surveys undertaken by the previous contractor will need to be undertaken again. The technical surveys identify if properties are suitable for the installation of an Air Source Heat Pump and identify if secondary measures are required such as loft or cavity wall insulation, which will be installed as part of the contract if required. These factors have significantly delayed this programme, which has reduced the initial budgeted EESH spend by £1808k, and is a key contributor (42%) of the anticipated reduction in spend in the overall Planned Maintenance and Other Investment programme highlighted in 3.5 of the report.
 - The Low Carbon Infrastructure Transformation Programme LCITP project received approval of grant funding of £1.3m to Moray Council at the end of

July 2021. The COVID-19 pandemic has impacted upon this project and caused delays, although procurement has now taken place and contractor appointed. We will shortly be writing to tenants of pre-selected properties to see if they wish to be included in this programme of works. There will be an online event to discuss the project and benefits of an air source heat pump with solar panels and battery storage. This will enable tenants to make an informed decision as to whether they wish to be included. It is anticipated the contractor will complete the installation of Air Source Heat Pumps, solar panels and batteries to 120 properties by November 2022 in line with the grant funding requirements.

General Programme Updates

- 3.6 A major stock condition survey was carried out in early 2021. This has provided essential information on prioritised investment programmes for the next 30 years and gives advice on requirements to meet standards for EESSH and SHQS compliance.
- 3.7 A programme to upgrade smoke alarms in all Council properties in accordance with new legislation in the aftermath of the Grenfell tragedy is underway. The appointed contractor completed 4,538 house upgrades to 31 December 2021. Building Services DLO is also carrying out upgrades to properties as part of void and planned maintenance works, with a further 586 properties upgraded to 31 December 2021. This means that 5,124 (83%) of properties were completed to the new standard at 31 December 2021.
- 3.8 The deadline for compliance was February 2022, however, the Scottish Government has recently confirmed that the legislation provides flexibility for people to fit the necessary alarms in due course if they are unable to do so by the February 2022 deadline, and that no one will be criminalised if they need more time and there are no penalties for non-compliance. As a result, Social Landlords have been asked to take a proportionate and measured approach to compliance considering individual circumstances as well as reflecting the evolving situation with the COVID-19 pandemic. We continue to progress with the installation of the last remaining properties and will use all powers available to the Council as necessary to ensure compliance. Our aim is to complete the programme by April 2022, however, as a last resort, measures such as forced entry to gain access to undertake the works where necessary, may have to be carried out to achieve this. If this is required, forced entry will be carried out in accordance with our agreed procedures.

Income and Expenditure for Private Sector Housing

- 3.9 **APPENDIX VI** shows the position with regard to grant expenditure for Private Sector Housing Grant to 31 December 2021. The budget in Category B is the responsibility of the Moray Integration Joint Board and the information is only for noting at this Committee. The legally committed figure of £410k represents 82% of the allocated budget. Spend to 31 December 2021 was £221k which represents 44.2% of the allocated budget. It is anticipated that although this budget will be fully committed, an underspend of £200k is now anticipated due to COVID-19 restrictions.
- 3.10 The legally committed figure in Category C of £99k represents 94.30% of the allocated budget. Spend to 31 December 2021 was £36k which represents 34.2% of the allocated budget. It is anticipated that although this budget will

be fully committed, an underspend of £30k is now anticipated due to COVID-19 restrictions.

Investment Programme - Projected Outturn to 31 March 2022

- 3.11 **APPENDICES I to VI** also include a revised outturn projection to 31 March 2022 for the Housing Investment Budget 2021/22. This projection now anticipates year-end expenditure to be £13,532k, which represents spend of 73% against the £18,655k annual budget. This is an increase of £4,787k in comparison to the previous year, however £5,123k less than the agreed budget. The anticipated shortfall in investment is once again attributable to COVID-19 restrictions during 2021/22, which has presented a number of issues that include supply chain delays and internal staff resourcing issues. Key underspends are highlighted throughout the report, particularly in Section 3.5 and **APPENDIX V**.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The provision of new affordable housing, the maintenance of the Council's housing stock and dealing with homelessness are priorities identified within the Corporate Plan, the Council's Local Housing Strategy, the Strategic Housing Investment Plan (SHIP) and the Housing and Property Service Plan.

(b) Policy and Legal

Maintenance and improvement works are carried out in order to meet statutory legal requirements and in accordance with current relevant policies.

(c) Financial implications

The financial implications associated within this report are dealt with in paragraphs 3.1 to 3.11 above, with details of the Council's new build programme now being the subject of a separate monitoring report.

(d) Risk implications

Failure to expend agreed budgets may affect the Council's ability to maintain stock at the SHQS, replace life expired elements and attain the EESSH. Budget Managers are aware of responsibilities for managing budget allocations and approval for variance will be sought from Committee in line with the Financial Regulations.

(e) Staffing implications

There are no staffing implications associated with this report.

(f) Property

The improvement and maintenance of the housing stock will ensure that it remains sustainable in the longer term both physically and environmentally.

(g) Equalities/Socio Economic Impact

There are no equalities issues associated with this report, as it is to inform the Committee on budget monitoring.

(h) Climate Change and Biodiversity Impacts

The continued investment in the Council Owned Housing Stock identified in this report will assist the Council to achieve its climate change targets by utilising a range of energy saving measures that incorporate zero or low carbon into design, construction materials and systems that support the Council in achieving The Energy Efficiency Standard for Social Housing (EESH).

(i) Consultations

Consultations have taken place with the Head of Housing and Property Services, Property Asset Manager, Building Services Manager, Legal Services Manager, Principal Accountant (Deborah O'Shea), Lissa Rowan (Committee Services Officer), and the Home Improvement Services Manager, who all agree with the sections of the report relating to their areas of responsibility.

5. CONCLUSION

- 5.1 The report shows that the Councils progress in respect of Housing investment for both the Council's housing stock and the private sector has been adversely impacted because of delays during the Coronavirus pandemic. Financial information highlighted shows that housing investment has recovered following the easing of Coronavirus restrictions. However, a number of planned investment programmes have been delayed since restrictions eased, which are highlighted in the revised year-end projection provided. Recovery of programmes is essential to enable the Council to address the identified priorities to improve the quality of housing stock in Moray. More specifically, the ongoing investment in the Council's housing stock enables it to be maintained at the Scottish Housing Quality Standard, allows for replacement of life expired elements and makes progress towards the attainment of both the Moray Standard and the Energy Efficiency Standard for Social Housing.**

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Background Papers:	Held on file/sharepoint
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