



REPORT TO: COMMUNITIES COMMITTEE ON 9 OCTOBER 2019

SUBJECT: HOUSING INVESTMENT 2019/20

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 This report informs the Communities Committee of the budget position to 31 August 2019 for the Housing Investment Programme for 2019/20.
- 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 considers and notes the position as at 31 August 2019 with regards to the Housing Investment Programme for 2019/20.**

3. BACKGROUND

Investment Programme

- 3.1 **APPENDIX I** shows income and expenditure for 2019/20. The Appendix includes expenditure on the Council house new build programme as 'Other Capital Expenditure'. This, however, is now the subject of a separate monitoring report and the figure is provided for information only. Spend of £3.571m was achieved on the Housing Investment Programme to 31 August 2019, which represents 28% of the agreed programme. Commitments are currently standing at £8.331m, which represents 64% of the programme. This commitment will increase further during the year as more projects are progressed. The level of expenditure within the individual budget headings which 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 August 2019. The Housing Investment Programme for 2019/20 continues to reflect investment required to maintain the housing stock at the Scottish Housing Quality Standard (SHQS), attain the Moray Standard (TMS) and replace life expired elements such as kitchens, heating and windows on a lifecycle basis. It also includes capital expenditure aimed at achieving the Energy Efficiency Standard for Social Housing (ESSH) by 2020 and moving towards ESSH2.

- 3.2 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £1.294m to 31 August 2019 and represents 32% of the agreed programme. Commitment currently stands at £2.546m and represents 64% of the budget. Analysis of this expenditure has indicated that there has been a significantly higher number of response repairs (8,754) completed than at this point in the previous year (5,709). However, the average cost of the repairs has reduced. A similar, though not as significant pattern is evident for void repairs. Officers will be closely monitoring budget pressures on this expenditure during the second half of the year.
- 3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £134k was achieved to 31 August 2019 and represents 21% of the agreed programme level. Commitment currently stands at £207k and represents 32% of the programme.
- Asbestos - A total of 54 properties had asbestos tanks, associated debris or other asbestos containing materials (ACM's) removed during 2018/19 and 29 further properties have had removals carried out during the current financial year.
 - Estates/Forum Upgrades – Although commitment is low at this stage, project priorities for this year's programme are progressing towards site start. Estate walkabouts have taken place during September and new priorities identified for 2020/21.
- 3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £249k was achieved to 31 August 2019 and represents 26% of the agreed programme level. Commitment currently stands at £815k and represents 85% of the budget.
- 3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £1.894m was achieved to 31 August 2019 and represents 26% of the agreed programme level. Commitment currently stands at £4.763m and represents 65% of the programme. The Central Heating budget is £2.527m, which covers a range of planned full heating replacement projects by external contractors and the Direct Labour Organisation (DLO), together with ad hoc "one off" upgrades arising from heating failures. Due to a high number of heating failures, the ad hoc items are projected to spend £1.5m alone. The items are mainly older systems that often cannot be repaired due to obsolete parts. The higher number of unanticipated ad hoc replacements will create a pressure on the Central Heating budget. This will be closely monitored by officers during the remaining half of the year to determine if adjustments to the planned programme will be required.
- General Programme Updates**
- 3.6 Following a competitive tender procedure, consultants have been appointed to carry out a Stock Condition Survey of the Council's housing stock. The survey, which will cover a sample of 25% of the housing stock, will assess the internal and external condition of the stock and provide a costed programme of planned maintenance over the next 30 years. As well as lifetime component replacement, the programme will include improvements to meet the SHQS and the EESSH.

- 3.7 Officers are currently updating the EESSH programme of works on the basis of the progress made to date. The updated proposals and investment for achieving EESSH compliance by December 2020 will form part of the HRA budget for 2020/21.
- 3.8 Contractors involved in the Warm Homes Fund heating project being carried out in conjunction with Perth and Kinross Council, Scottish and Southern Energy (SSE) and Scotia Gas Networks (SGN) have now commenced work on site and have completed 69 installations to date. It is envisaged that the remaining 36 installations will be completed by December 2019. The Council has identified a further 360 Council properties for inclusion in a bid for Round 4 in the Warm Homes Fund with a deadline for submissions of 26 September 2019. The upgrades will involve the replacement of electric or solid fuel heating by gas or air source heat pump systems. The type of system will be dependent on proximity to the mains gas network. It is anticipated that the outcome of the Warm Homes Fund Round 4 bid will be known in February/March 2020.

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 August 2019. This budget in Category B is now the responsibility of the Moray Integration Joint Board and the information is only for noting at this Committee. The legally committed figure of £304k represents 61% of the allocated budget. Spend to 31 August 2019 was £218k which represents 44% of the allocated budget. The legally committed figure in Category C of £60k represents 57% of the allocated budget. Spend to 31 August 2019 was £28k which represents 27% of the allocated budget. There has been £9k repaid to this budget which has impacted on the legally committed and spend figures. There is every expectation that the budget figures will be met.

4. SUMMARY OF IMPLICATIONS

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

This proposal relates to:

Priority 1 – Creating a growing, diverse and sustainable economy; and
Priority 2 - Empowering and connecting communities.

(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 3.9 above, with details of the Council house 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 its stock at the SHQS, replace life expired elements and attain the EESSH. Budget Managers are aware of their 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) Consultations

Consultations have taken place with the Acting Head of Housing and Property, Property Resources Manager, Building Services Manager, Senior Solicitor (Property and Contracts), Principal Accountant (Deborah O'Shea), Caroline Howie (Committee Services Officer) and the Home Improvement Services Manager, who agree with the sections of the report relating to their areas of responsibility.

5. CONCLUSION

- 5.1 Housing investment for both the Council's housing stock and the private sector enables the Council to address the identified priorities to improve the quality of housing stock in Moray. More specifically, the 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.**

Author of Report: Daska Murray, Senior Housing Officer (Information)
Background Papers: Held on file/sharepoint
Ref: