



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 21 JUNE 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 actual unaudited outturn to 31 March 2022 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 the Housing Investment Programme unaudited outturn to 31 March 2022, as detailed in Section 3 and Appendices I to VI.**

3. BACKGROUND

Investment Programme

3.1 **APPENDIX I** shows income and expenditure for 2021/22. The Appendix includes expenditure of £4,976k 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. The figures show that an overall year-end expenditure of £14,218k was achieved, which represents a spend of 76% against the £18,655k annual budget, and a shortfall of £4,437k. The shortfall in investment is attributable to Coronavirus restrictions during 2021/22, which presented a number of issues that included supply chain and internal staff resourcing delays progressing a number of work activities.

3.2 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 March 2022, which is £754k higher than the most recent projection.

3.3 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £4,943k to 31 March 2022 and represents a £573k overspend of the agreed

programme. An overspend of £359k occurred in repairs following a back log of non-emergency repairs after Covid restrictions eased, as well as unanticipated emergency and make good repair costs following Storm Arwen and Malik in late 2021. Void repairs costs also outturned £214k over budget, as a result of an upturn in void repair numbers following the easing of Covid restrictions, which saw a substantial increase in properties requiring repairs in advance of relet.

- 3.4 **APPENDIX III** shows expenditure on Estate Works. Spend of £486k was achieved to 31 March 2022 and represents 87% of the agreed programme level.
- 3.5 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £547k was achieved to 31 March 2022 and represents 81% of the agreed programme level. The shortfall in investment is attributable to underspends in the cyclical serving and external painter work programmes that occurred due to internal staff resource and no access issues during the pandemic.
- 3.6 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £8,242k was achieved to 31 March 2022 and represents 63% of the agreed programme level. A significant underspend of £4,810k occurred as a result of Coronavirus restriction during 2021/2022, which presented a number of issues that included availability of contractors, supply chain issues and internal staff resourcing issues.
- 3.7 The Energy Efficiency Standard for Social Housing (ESSH) programme expenditure figures are very low in relation to budget. The main reason for this is delay in concluding a major contract for Warm Homes Round 4 grant funding with OVO Energy Limited (OVO), with COVID lockdown periods resulting in heating installation work being suspended for several months. The recent takeover of Scottish and Southern Energy Limited (SSE) by OVO has delayed progress on 245 new heating systems. Surveys are ongoing and 31 installations have taken place up to 31 March 2022 we are targeting completion of the programme for November 2022. This is however dependent of the availability of Air Source Heat Pumps and boilers which are also being affected industry shortages.
- 3.8 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, procurement has now taken place and contractor appointed. Surveys are underway, however the industry is experiencing long lead in periods for Air Source Heat Pumps which will impact on the completion date for the project now anticipated to be March 2023.

General Programme Updates

- 3.9 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 ESSH and SHQS compliance.

- 3.10 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 4,658 house upgrades to 31 March 2022. Building Services DLO is also carrying out upgrades to properties as part of void and planned maintenance works, with a further 859 properties upgraded to 31 March 2022. This means that 5517 (88%) of properties were completed to the new standard at 31 March 2022. The target for compliance was February 2022 and has subsequently been relaxed by Scottish Government and at 31 March 2022, 706 properties still require to be completed (253 properties require building warrants to be in place before works can commence, with no access the main reason for delays in the remainder).
- 3.11 As a result of the no access issues experienced, we are now considering moving to forced entry to gain access to undertake this work, which will only take place after all reasonable access attempts are exhausted, and will be carried out in accordance with our agreed forced entry procedure.

Income and Expenditure for Private Sector Housing

- 3.12 **APPENDIX VI** shows the position with regard to grant expenditure for Private Sector Housing Grant to 31 March 2022. 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 £477k represents 95.40% of the allocated budget. Spend to 31 March 2022 was £318k which represents 63.60% of the allocated budget. The underspend of this budget was due to COVID-19 restrictions.
- 3.13 The legally committed figure in Category C of £100k represents 95.20% of the allocated budget. Spend to 31 March 2022 was £49k which represents 46.60% of the allocated budget. The underspend of this budget was due to COVID-19 restrictions.

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 is 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 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 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, Building Services Manager, Legal Services Manager, Principal Accountant (Deborah O'Shea), Lindsey Robinson (Committee Services Officer), and 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 slightly recovered following the easing of Coronavirus restrictions, however, delays to a number of a key planned investment programmes has led to a 24% (£4,437k) shortfall in overall investment . 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.**

Background Papers:
Ref:

Held on file/sharepoint
SPMAN-1285234812-1102