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**REPORT TO: COMMUNITIES COMMITTEE ON 17 DECEMBER 2019**

**SUBJECT: HOUSING INVESTMENT 2019/20**

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

**1. REASON FOR REPORT**

- 1.1 This report informs the Communities Committee of the budget position to 31 October 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 October 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 £6.286m was achieved on the Housing Investment Programme to 31 October 2019, which represents 46% of the agreed programme. Commitments are currently standing at £9.919m, which represents 73% 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 October 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 £2.284m to 31 October 2019 and represents 50% of the agreed programme. Commitment currently stands at £3.242m and represents 71% of the budget. Analysis of this expenditure has indicated that there has been 14% more response repairs (7,927) completed than at this point in the previous year (6,929). However, the average cost of a repair has reduced. This increase in response repairs expenditure is partially offset by a 12.5% reduction in expenditure in void repairs in comparison to the same point last year. Officers will continue to monitor this budget closely over the remainder of the financial year.
- 3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £234k was achieved to 31 October 2019 and represents 36% of the agreed programme level. Commitment currently stands at £312k and represents 48% of the programme.
- **Asbestos** – During the current financial year, a total of 42 properties had asbestos removal work. This includes 15 properties with asbestos tanks and 27 properties with associated debris or other asbestos containing materials (ACM's). It is anticipated that the number of tank removals will increase in the remaining part of the year. However, since the introduction of a new Asbestos Survey Strategy, the number of asbestos surveys being carried out as part of planned maintenance contracts has reduced significantly and it is expected that this will result in an underspend in the budget heading.
  - **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. Prioritised projects will progress early in 2020, which will include additional roof and gutter cleaning, however a significant budget under-spend is predicted given the current expenditure total of £55k.
- 3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £436k was achieved to 31 October 2019 and represents 46% of the agreed programme level. Commitment currently stands at £807k and represents 85% of the budget.
- **Smoke Detector Servicing** – A programme to upgrade smoke alarms in all Council properties will be completed following changes to fire safety regulations. This upgrade contract is currently being procured and will include all Council houses. As a result, smoke detector servicing is now on hold and a budget year end surplus of £80k is anticipated. Building Services (DLO) resources will be redirected to new smoke alarm installations in accordance with the latest legislation, with a target compliance date of February 2021. The new requirements are expected to have a significant financial impact on budgets during the next financial year with estimate of total cost in excess of £2m.
- 3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £3.332m was achieved to 31 October 2019 and represents 45% of the agreed programme level. Commitment currently stands at £5.558m and represents 75% of the programme.
- **Central Heating** – a major part of the programme now includes “one-off” unplanned heating and boiler replacements which were identified for

upgrade at servicing or void stage. This has impacted on the delivery of upgrades planned as part of both the central heating and EESSH programmes. Officers are currently reviewing both programmes to identify the scope of heating systems that require upgrading due to age, condition and EESSH compliance. It is anticipated that the number of heating upgrades will increase as part of the 2020/21 programme and that this will be a significant budget pressure.

- **EESSH Programme** - Officers are currently updating the EESSH programme of works on the basis of the progress made to date. The programme includes mainly heating upgrades. The EESSH programme will also include £200,000 for more central heating upgrades instructed through the Warm Homes Fund scheme. The updated proposals and investment for achieving EESSH compliance by December 2020 will form part of the HRA budget for 2020/21.
- **Plumbing Upgrades** – The expenditure within plumbing upgrades exceeds the commitment figure however this will be analysed and recoded to central heating where appropriate.

### **General Programme Updates**

- 3.6 A Stock Condition Survey of the Council's housing stock will be carried out early next year. 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 Scottish Housing Quality Standard and the Energy Efficiency Standard for Social Housing.
- 3.7 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. The remaining 36 installations are now expected to be completed by March 2020 following delays relating to the new gas supplies and drop-outs due to tenant refusals.
- 3.8 The Council has been successful in its application to the Warm Homes Fund Round 4 with £1.072m awarded for heating upgrades to a further 245 Council properties. The upgrades will involve the replacement of electric or solid fuel heating with gas systems. It is anticipated that work will begin in January 2020. This funding will make a significant contribution to meeting EESSH compliance for Council properties.

### **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 October 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 £408k represents 82% of the allocated budget. Spend to 31 October 2019 was £307k which represents 61% of the allocated budget. The legally committed figure in Category C of £71k represents 68% of the allocated budget. Spend to 31 October 2019 was £14k which represents 13% of the allocated budget. There has been £24k 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, Legal Services Manager, 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.**

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Background Papers: Held on file/sharepoint  
Ref: