



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 8
FEBRUARY 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 30 November 2021 and the actual outturn to 31 March 2021 for the Housing Investment Programme for 2020/21 and 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 30 November 2021 with regards to the Housing Investment Programme for 2021/22, as detailed in Section 3 and Appendices I to VI;**
- (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; and**
- (iii) the Housing Investment Programme outturn to 31 March 2021, as detailed in Section 3 and Appendices VII to XII.**

3. BACKGROUND

Investment Programme

- 3.1 **APPENDIX I** shows income and expenditure for 2021/22. The Appendix includes expenditure of £3,937k 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 £7,203k was achieved on the Housing Investment Programme to 30 November 2021, which represents 39% 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 30 November 2021. Expenditure has been severely impacted by COVID restraints, with a number of works delayed following the easing of Coronavirus restrictions in late April 2021.

3.2 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £2,280k to 30 November 2021 and represents 52% of the agreed programme. A full repairs service recommenced in late April 2021 and the annual repairs budget spend is now anticipated to be met. 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 spend will also be achieved.

3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £251k was achieved to 30 November 2021 and represents 45% of the agreed programme level.

- Asbestos – During the current financial year, 32 properties had asbestos removal work. This includes 7 properties with an asbestos tank and 25 properties with various asbestos containing materials (ACM's). A survey programme of properties is ongoing and ACMs will be removed on a planned basis when found.

3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £394k was achieved to 30 November 2021 and represents 58% of the agreed programme level.

3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £4,278k was achieved to 30 November 2021 and represents 33% of the agreed programme level.

- The Energy Efficiency Standard for Social Housing (EESH) 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.
- 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. It is anticipated the contractor will complete the installation of Air Source Heat Pumps, solar panels and batteries to 121 properties by June 2022.

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 EESH 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 4,221 house upgrades to date. 30 November 2021 Building Services DLO is also carrying out upgrades to properties as part of void and planned maintenance works, with a further 602 properties upgraded to 30 November 2021. This means that 4,823 (79%) of properties were completed to the new standard at 30 November 2021. The deadline for compliance is February 2022 and at 30 November 2021, 1,016 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).
- 3.8 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. As a result of the no access issues experienced, we now anticipate that not all properties may be upgraded by February 2022. To ensure compliance, we may have to force entry to gain access to undertake the works where necessary, which will be carried out in accordance with our agreed forced entry procedures.
- 3.9 In November 2020, Moray Council submitted an application to the Scottish Government's Low Carbon Infrastructure Transition Programme (LCITP) Social Housing Net Zero Heat Fund 2020. This application was successful in achieving 50% grant funding (£1.3m) towards a suite of upgrades to 121 properties located off the mains gas grid. Measures include air source heat pumps, solar photovoltaics, and battery storage and aim to alleviate fuel poverty and decarbonise heating which will support the Council in achieving EESSH/EESSH2. This programme has been delayed due to COVID restrictions, although a contractor has now been appointed and it is anticipated the majority of works are anticipated to be complete by June 2022.

Income and Expenditure for Private Sector Housing

- 3.10 **APPENDIX VI** shows the position with regard to grant expenditure for Private Sector Housing Grant to 30 November 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 £412k represents 82.40% of the allocated budget. Spend to 30 November 2021 was £186k which represents 37.20% of the allocated budget. It is anticipated that this budget will fully commit and underspend by £200k due to repayments COVID-19 restrictions.
- 3.11 The legally committed figure in Category C of £99k represents 94.30% of the allocated budget. Spend to 30 November 2021 was £35k which represents 33.33% 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**
- 3.12 **APPENDICES I to VI** also include a revised outturn projection to 31 March 2022 for the Housing Investment Budget 2021/22. This projection now anticipated year-end expenditure to be £15,542k, which represents spend of 83.31% against the £18,655k annual budget. This is an increase of £6,797k in comparison to the previous year, however £3,113k less than the agreed budget. The anticipated shortfall in investment is once again attributable to Coronavirus restrictions during 2021/22, which has presented a number of issues that include supply chain and internal staff resourcing issues.

- Investment Programme- Actual Outturn to 31 March 2021**
- 3.13 **APPENDICES VII to XXII** also include details of the Housing Investment Budget 2020/21 outturn to 31 March 2021, which has not previously been reported to Committee due to key staff changes and absence. The figures show that year-end expenditure was £8,745k, which is 51% of the £17,042k annual budget. This shortfall in investment is attributable to the Coronavirus restrictions during the majority of 2020/21 which restricted non-essential works being carried out, that include key investment budgets such as non-emergency repairs, planned heating, kitchen and window upgrades

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 3.13 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 since 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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