



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 15 NOVEMBER 2022

SUBJECT: HOUSING INVESTMENT 2022/23 TO 30 SEPTEMBER 2022

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

1. REASON FOR REPORT

- 1.1 This report informs the Committee of the progress of the Housing Investment Programme 2022/23 to 30 September 2022.
- 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 progress of the Housing Investment Programme to 30 September 2022, as detailed in Section 3 and Appendices I to VI; and**
- (ii) the revised Housing Investment Programme projected outturn to 31 March 2023, 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 up to 30 September 2022. The figures show an overall spend to 30 September 2022 of £4,384k was achieved, which represents a spend of 24% against the £18,539k annual budget.
- 3.2 The Housing Investment Programme is a series of individual programmes of works which are designed to maintain and improve the quality of the Council's housing stock. The Council has a requirement to meet standards set by the Scottish Government in relation to the basic standard of the properties we let along with their energy performance. This information is reported annually to the Housing Regulator indicating our performance against various standards.

- 3.3 A stock condition survey was undertaken in 2021 to establish the overall condition of our residential properties and from this survey the programme for 2022/23 and beyond was developed. As reported to the Moray Council on 22 February 2022 there is significant spend required to improve and then maintain the housing stock (paragraph 5 of the minute refers). The report in February indicated that investment of over £20million per annum will be required from next financial year and thereafter. There are many challenges in delivering this multi project and year programme not least ensuring there is capacity within the Council to deliver, monitor and review the projects but also the capacity in the in-house and external contractors required to deliver the works efficiently and to appropriate standards.
- 3.4 The level of expenditure within the individual budget headings that make up the programme are shown in paragraphs 3.5 to 3.13 below. The expenditure figure represents all payments which have progressed through the finance system to 30 September 2022.
- 3.5 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £1,974k to 30 September 2022. This budget includes reactive repairs (£1,434k) undertaken by the Council's Building Services (DLO) which are generally triggered by a tenant contacting the Council's contact centre and requesting a repair to their property. Repairs to void properties (£540k) as a result of tenancy changes, are also included.
- 3.6 **APPENDIX III** shows expenditure on Estate Works. Spend of £193k was achieved to 30 September 2022. This area of work is general works to the landscaping and external areas within Council owned housing areas. Included within the area is asbestos works and surveys with significant spend required over the next few years to ensure we have accurate surveys of our properties.
- 3.7 **APPENDIX IV** shows expenditure on Cyclic Maintenance. A spend of £187k was achieved to 30 September 2022. This area of work includes regular annual servicing of heating systems installed within our properties that includes gas, solid fuel, and air source heating systems. External paintwork is also included under this budget head, which is an area which has lacked investment. A 7 year programme for external decoration by location has been developed with all external decoration within the Housing portfolio to be completed over that timeframe. The programme will then roll into the future to ensure that no property goes longer than 7 years without redecoration.
- 3.8 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. A spend of £2,151k was achieved to 30 June 2022. This is the main section of the overall programme that looks to undertake significant improvements to the housing stock in order to meet the regulator requirements. Significant programmes at the moment include installation of new heating systems to approximately 500 properties. These are identified in the appendix as EESSH Warm Homes R4 and LCITP which have both been carried forward from last year due to issues with delivery of materials and components. These works along with EESSH Insulation, central heating upgrades, and window and door replacements are all designed to improve the energy performance of our housing stock. In addition this area includes significant spend in relation to electrical installations. There is a regulator requirement that every dwelling within the portfolio is regularly electrically

tested at least every 5 years. A periodic programme of full electrical testing has not been in place previously. However, investment works over the past decade have involved key elements of electrical upgrade work as part of planned/cyclical maintenance programmes. This was recorded on partial electrical certificates rather than full Electrical Installation Condition Reports (EICRs), meaning that most of the Council's properties are slightly below the required certification standard. A significant programme of full electrical testing is being implemented over the next 12 to 18 months which will require the focusing of budget and resource in this area during this period.

General Programme Updates

- 3.9 A programme to upgrade smoke alarms in all Council properties in accordance with new legislation in the aftermath of the Grenfell tragedy is drawing to a conclusion. The appointed contractor completed 4,986 house upgrades to 30 September 2022. Building Services DLO is also carrying out upgrades to properties as part of void and planned maintenance works, with a further 920 properties upgraded to 30 September 2022. This means that 5,906 (95%) of properties were completed to the new standard at 30 September 2022. The target for compliance was February 2022. This has subsequently been relaxed by the Scottish Government (currently no new deadline yet confirmed) and as at 30 September 2022, 324 properties still require to be completed, all of which have had attempted access attempts, without success.
- 3.10 As a result of the no access issues experienced, we have now moved to forced entry to gain access to undertake this work, which is being carried out in accordance with our agreed forced entry procedure. Forced entries commenced on 24 October 2022, with the majority of tenants allowing access, after receiving prior warning of our intention to enter 7 days in advance of forcing entry.
- 3.11 The Committee approved service developments at the meeting on 6 September 2022 (paragraph 10 of the minute refers) and progress is being made in finalising the new job descriptions with the intention to have some of these posts advertised prior to the end of this financial year. The priority is to secure the tenant liaison officer to help the team be more proactive in its communication with tenants.

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 30 September 2022. The legally committed figure in Category C of £55k represents 48.7% of the allocated budget. Spend to 30 September 2022 was £10k which represents 0.08% of the allocated budget. £15k has been repaid to this budget (repayment of grant to remove conditions) which will affect both the spend and legally committed figures. It is anticipated that this budget will fully commit by 31 March 2023.

Investment Programme - Projected Outturn to 31 March 2022

- 3.13 **APPENDICES I to VI** also include revised outturn projections to 31 March 2023 for each budget heading of the Housing Investment Budget 2022/23. The current projection anticipates year-end expenditure to be £15,858k, which represents spend of 86% against the £18,539k annual budget. This is £2,681k less than the agreed budget, with the anticipated shortfall in

investment attributable to a number of factors that include design, supply chain and procurement issues, accompanied by internal staff resourcing issues in Building Services (DLO), as well as lack of resources and a key absence in the Asset Team. Key underspends are highlighted throughout the report, with the key underspends highlighted in **APPENDIX I** of the report. Service Managers are continue to meet regularly to closely monitor this budget, and a number of risks are still evident that may reduce the actual outturn further.

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 3.13 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

As detailed in paragraph 3.11 there is the intention to extend the Housing Asset Management Team to meet the demands of the investment programme with the cost of these additional resources being met by the Housing Revenue Account from the Service Development budget approved at Council on 22 February 2022.

(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, Design Manager, Principal Quantity Surveyor, 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 Council's progress in respect of Housing investment for both the Council's housing stock and the private sector has been adversely impacted due to a number of factors. The outturn forecast provided anticipates a £2,691k (14%) underspend in the 2022/23 Housing Investment Programme. 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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