



REPORT TO: COMMUNITIES COMMITTEE ON 3 MARCH 2020

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 December 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 December 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 of £7.493m 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 £7.964m was achieved on the Housing Investment Programme to 31 December 2019, which represents 61% of the agreed programme. Commitments are currently standing at £11.611m, which represents 89% 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 December 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 £2.473m to 31 December 2019 and represents 62% of the agreed programme. Commitment currently stands at £3.587m and represents 90% of the budget. Recent changes to the voids process has reduced average void costs and repair timescales. This has had a positive impact on the budget position to date and the latest outturn projection to financial year end anticipates no budget pressures in this area.
- 3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £0.341m was achieved to 31 December 2019 and represents 52% of the agreed programme level. Commitment currently stands at £0.473m and represents 73% of the programme.
- Asbestos – During the current financial year, a total of 42 properties had asbestos removal work. This includes 17 properties with asbestos tanks and 28 properties with associated debris or other asbestos containing materials (ACM's). A survey programme of the properties is ongoing and ACMs will be removed on a planned basis when found.
 - Miscellaneous – The commitment within miscellaneous includes some high value contract payments. One of these contracts relates to an essential fire protection system upgrade in a sheltered housing complex. This will be recoded to the sheltered housing budget and is expected to result in an overspend.
- 3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £0.489m was achieved to 31 December 2019 and represents 51% of the agreed programme level. Commitment currently stands at £0.804m and represents 84% of the budget.
- 3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £4.661m was achieved to 31 December 2019 and represents 63% of the agreed programme level. Commitment currently stands at £6.747m and represents 92% of the programme.
- Central Heating – This is on target to spend the budget for 2019/20.
 - EESSH Programme – Whilst commitment stands at 92% of the budget, additional heating upgrades are being brought forward to the EESSH programme to offset high rates of tenant refusals.
 - Insulation – a number of properties have been identified for internal wall insulation before year-end which will result in significantly increased expenditure in this budget heading. The works will also contribute to the achievement of EESSH for these properties.

General Programme Updates

- 3.6 A tender has been accepted for a consultant to carry out a Stock Condition Survey. Officers have recently met with the consultant and agreed the key milestones of the project. 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 both EESSH1 and EESSH2.
- 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 87 out of 104 installations to date. Due to slippage in the Perth and Kinross programme, the Council has obtained additional grant funding for 20 air source heat pump installations to be completed by 31 March 2020.

- 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 energy-efficient gas systems. Work will commence in spring of 2020. This funding will make a significant contribution to meeting EESSH compliance for Council properties.
- 3.9 Smoke Detector Servicing – A programme to upgrade smoke alarms in all Council properties will be carried out to meet new fire safety regulations. The contract to deliver the programme is currently out to tender with a return date of 6 March 2020. It is anticipated that works will commence in April 2020 with completion planned for February 2021 to comply with the new regulations. Upgrades will also be carried out to properties as part of void and planned maintenance works.

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 31 December 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 £474k represents 95% of the allocated budget. Spend to 31 December 2019 was £397k which represents 79% of the allocated budget. There has been £8k 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. The legally committed figure in Category C of £76k represents 72% of the allocated budget. Spend to 31 December 2019 was £15k which represents 14% of the allocated budget. There has been £29k repaid to this budget which has impacted on the legally committed and spend figures.

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 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) Consultations

Consultations have taken place with the Acting Head of Housing and Property Services, 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: