



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 6
SEPTEMBER 2022**

SUBJECT: HOUSING INVESTMENT 2022/23

**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 June 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:-

(i) consider and note the progress of the Housing Investment Programme to 30 June 2022, as detailed in Section 3 and Appendices I to VI; and

(ii) Approves the service developments outlined in paragraph 3.10.

3. BACKGROUND

Investment Programme

3.1 **APPENDIX I** shows income and expenditure up to 30 June 2022.

The figures show an overall spend to 30 June 2022 of £1,763,000 was achieved, which represents a spend of 10% against the £18,538,000 annual budget. There has been a considerable impact in the intended programme due to current market conditions and officers are endeavouring to re-profile as far as possible.

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 Council Committee on 22 February 2022 there is significant spend required to improve and then maintain the housing stock. With the report in February indicating that investment of over £20million per annum will be required from the 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 3.8 below. The expenditure figure represents all payments which have progressed through the finance system to 30 June 2022. It should be noted that the first quarter of a financial year can produce lower spending as programmes are procured and contracts are set up and mobilised. There have also been significant resource limitations within the DLO, which have impacted on some programmes.
- 3.5 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £661,000 to 30 June 2022. This area of work is the regular repairs undertaken by the Council's DLO which are generally triggered by a tenant contacting the Council's contact centre and requesting a repair to their property including gas heating repairs.
- 3.6 **APPENDIX III** shows expenditure on Estate Works. Spend of £91,000 was achieved to 30 June 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 asbestos surveys of our properties.
- 3.7 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £86,000 was achieved to 30 June 2022. This area of work is regular annual servicing of items installed within our properties like gas heating systems and the like. Within this heading there is an item for external paintwork. This is an area which has been lacking investment in the past. 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 be rolling in the future to ensure that no property goes longer than 7 years without redecoration in the future.
- 3.8 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £925,000 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 396 properties. These are identified in the appendix as ESSH Warm Homes R4 and LCITP which have both been carried forward from last year due to issues with delivery of materials and components. There are ongoing supply chain challenges, which officers are managing. These works along with ESSH Insulation, central heating

upgrades, window and door replacements are all designed to improve the energy performance of our housing stock. In particular there is a desire to upgrade our remaining properties which have an EPC rating of F or below within the next 12 months. In addition to these works, this section includes significant spend in relation to electrical installations. There is a regulator requirement that every dwelling within the housing portfolio is regularly electrically tested at least every 5 years. A programme of testing has not been managed previously and there is a significant catch up programme required with the intention to ensure all properties that have not been tested within 5 years are tested in the next 24 months. This will require some bringing forward to the investment in the programme. We are currently going through a procurement process to utilise the Scotland Excel framework to assist with delivery of the above mentioned work programmes as it is not possible to deliver the volume of works necessary using the DLO alone in the timescales required.

General Programme Updates

- 3.9 As stated above 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 Energy Efficiency Standard for Social Housing (EESH) and Scottish Housing Quality Standards (SHQS) compliance. In order to meet ever more challenging energy performance targets from the regulator significant improvements will be required to our portfolio for years to come. It should be noted that the investment delivered previously has been around £11million per year. With this increase in requirement to meet the regulator standards and to make the properties the best they can be for the citizens of Moray the Council must ensure that budget spend is met. To that end the Housing Revenue Account (HRA) Budget 2022/23 approved at Council on 22 February 2022 (paragraph 5 of the minute) identified service developments would be required with a budget of £456,000 set a side.
- 3.10 A review of the Housing Asset Management Team structure has been undertaken to identify areas of development to ensure delivery of the proposed forthcoming years of investment in the Housing stock. It is clear that an increased number of projects are required to ensure compliance with the regulator. Further, it is clear that good tenant communication is required to ensure tenants are informed of the various projects and supported during works being undertaken on their homes. To that end, it is intended to extend the team to include additional officers to manage the projects and develop targeted future works to ensure compliance with legislation. In addition to this, a specific role will be created to liaise with tenants to provide support before, during and on completion of works within a tenants property. This is seen as a critical role to support and ensure delivery as previous programmes have at times failed to deliver due to lack of tenant participation. A structure diagram is attached in **APPENDIX VII** with the additional posts highlighted. The total cost for these additional posts assuming they were all graded as anticipated and filled by November 2022 would be estimated at £72,555 this financial year. The full annual cost is estimated at £174,130.
- 3.11 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 conclusion. The appointed contractor completed 4894 house

upgrades to 30 June 2022. Building Services DLO is also carrying out upgrades to properties as part of void and planned maintenance works, with a further 872 properties upgraded to 30 June 2022. This means that 5766 (92.63%) of properties were completed to the new standard at 30 June 2022. The target for compliance was February 2022 and has subsequently been relaxed by Scottish Government (currently no new deadline yet confirmed) and at 30 June 2022, 457 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).

- 3.12 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

- 3.13 **APPENDIX VI** shows the position with regard to grant expenditure for Private Sector Housing Grant to 30 June 2022.
- 3.14 The legally committed figure in Category C of £51,000 represents 45.1% of the allocated budget. Spend to 30 June 2022 was £9,000 which represents 0.08% of the allocated budget. It is anticipated that this budget will fully commit.

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 3.14 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 improve stock to the Scottish Housing Quality Standards (SHQS), replace life expired elements and attain the Energy Efficiency Standard for Social Housing (EESH). 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 3.10 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 (paragraph 5 of the minute refers). These new posts will require to be graded by Human Resources prior to advertisement.

(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, Georgina Anderson (Legal Services Senior Solicitor), Chief Financial Officer, Lindsey Robinson (Committee Services Officer), Grant Cruickshank, HR Manager 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 the Council's progress in respect of Housing investment for both the Council's housing stock and the private sector. There are significant challenges ahead to ensure the Council's housing stock meet and retain standards to ensure compliance with Scottish Government and regulator requirements. Significant work is ongoing to develop long-term programmes and strategies to ensure compliance and maintain compliance. In order to achieve this additional staffing resource is required as set out in the report.

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