



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 16 FEBRUARY 2021

SUBJECT: HOUSING INVESTMENT 2020/21

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

1. REASON FOR REPORT

- 1.1 This report informs the Committee of the budget position to 31 December 2020 for the Housing Investment Programme for 2020/21.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this committee the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (paragraph 9 of the Minute refers).

2. RECOMMENDATION

- 2.1 It is recommended that the Committee considers the position as at 31 December 2020 with regards to the Housing Investment Programme for 2020/21.**

3. BACKGROUND

Investment Programme

- 3.1 **APPENDIX I** shows income and expenditure for 2020/21. The Appendix includes expenditure of £5.785m 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 £5.144m was achieved on the Housing Investment Programme to 31 December 2020, which represents 30% of the agreed programme. Commitments are currently standing at £10.289m, which represents 60% of the programme. 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 2020. Expenditure has been severely impacted by COVID lockdown periods, with all internal works currently suspended in accordance with Scottish Government instructions.

- 3.2 **APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £1.758m to 31 December 2020 and represents 40% of the agreed programme. Commitment stands at £2.622m, which represents 60% of the budget and includes all ordered work still to commence or work in progress, that has still to be invoiced by the DLO . Reactive repairs have significantly reduced as a result of non-emergency repairs being suspended from 1 April 2020 to 1 September 2020. A full repairs service recommenced in early September 2020, however was reduced back to essential repairs only as part of Tier 4 restrictions from mid-December 2020, which is anticipated to remain the case until the end of the financial year. It is now anticipated that only 60% of the annual budget will be achieved. Coronavirus restrictions also led to a reduction in void properties allocated to new tenants, as well as a number of delays that include utility and material supply issues throughout the year to date. It is now anticipated that only 70% of the annual budget will be achieved, projected at £3.04m.
- 3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £0.327m was achieved to 31 December 2020 and represents 49% of the agreed programme level. Commitment currently stands at £0.336m and represents 50% of the programme.
- Asbestos – During the current financial year, a total of 41 properties had asbestos removal work. This includes 8 properties with asbestos tanks and 33 properties with associated debris or other 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 £0.469m was achieved to 31 December 2020 and represents 65% of the agreed programme level. Commitment currently stands at £0.719m and represents 100% of the budget.
- 3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £2.590m was achieved to 31 December 2020 and represents 23% of the agreed programme level. Commitment currently stands at £6.612m and represents 58% of the programme.
- The Energy Efficiency Standard for Social Housing (ESSH) programme commitment and 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 SSE, with COVID lockdown periods resulting in heating installation work being suspended for several months. The recent takeover of SSE by OVO prevented the new contract for 245 new heating systems from being finalised while all their internal processes were scrutinised by the new organisation. Moray Council have been proactive in attempts to reach contract agreement. The grant deadline for delivery of all new heating installations under this contract is 31 December 2021.

General Programme Updates

- 3.6 A contract to carry out a major stock condition survey with report on findings is expected to be concluded in the final quarter of 2020/21. This will provide essential information on prioritised investment programmes for the next 5 years and also give advice on requirements to meet standards for ESSH 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 has completed around 1,000 house upgrades to date, however the programme is now suspended due to COVID regulations. Upgrades are also being carried out to properties as part of void and planned maintenance works by the Building Services DLO. The deadline for compliance has now been moved to February 2022.
- 3.8 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 seeks 50% grant funding (£1.66m) towards a suite of upgrades to 245 properties located off the mains gas grid. Measures include air source heat pumps, solar photovoltaics, infra-red heating and battery storage and aim to alleviate fuel poverty and decarbonise heating. If successful this application will support the Council in achieving EESSH/ESSH2. The outcome of the application is expected during Feb/March 2021.

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 December 2020. The 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 £177k represents 35% of the allocated budget. Spend to 31 December 2020 was £155k which represents 31% of the allocated budget. It is anticipated that this budget will under commit by £250k and underspend by £300k due to repayments of £14k and COVID-19 restrictions.
- 3.10 The legally committed figure in Category C of £86k represents 82% of the allocated budget. Spend to 31 December 2020 was £59k which represents 56% of the allocated budget. It is anticipated that this budget will fully commit but will underspend by £30k due to COVID-19 restrictions.

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 3.9 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, Asset Manager, Building Services Manager, Legal Services Manager, Principal Accountant (Deborah O'Shea), Lissa Rowan (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.

Author of Report: Daska Murray, Senior Housing Officer (Information)
Background Papers: Held on file/sharepoint
Ref: