

# Report

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Report to:	<b>Housing and Technical Resources, Committee</b>
Date of Meeting:	<b>22 August 2018</b>
Report by:	<b>Head of Property Services</b>

Subject:	<b>Housing Investment Update</b>
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## 1. Purpose of Report

1.1. The purpose of this report is to:-

- ◆ update Committee on the proposed priorities for Housing Investment for financial years 2019/2020 and 2020/2021

## 2. Recommendations

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the proposed priorities for Housing Investment for financial years 2019/2020 and 2020/2021, be noted.

## 3. Background

3.1. The Scottish Government introduced the Scottish Housing Quality Standard (SHQS) in February 2004 and set the requirement for all of the Council's housing stock to meet this standard by April 2015. Since then the Council has invested over £556m in improving the condition of tenant's homes, which has included new kitchens and bathrooms, insulation, heating upgrades, electrical re-wiring, window and door replacement, roughcast and roofing.

3.2. At the introduction of the SHQS, 26% of the Council's housing stock was assessed as meeting the criteria set out in the Standard, which, through the ongoing investment, has now been increased to 92%. The remaining 8% of housing not currently meeting the Standard are deemed to be permitted abeyances which are mainly due to:-

- ◆ tenants refusing improvement works e.g. heating upgrades
- ◆ owners refusing to approve improvement works to common parts, e.g. door entry systems
- ◆ properties which are planned for demolition as part of an area regeneration programme e.g. East Whitlawburn

3.3. In March 2014 the Scottish Government introduced the Energy Efficiency Standard for Social Housing (EESH) which has required additional energy efficiency works beyond those needed for the SHQS. Since the introduction of EESH programmes of work have been developed and implemented and currently 89.4% of Council homes now comply with the EESH standard. The remaining works needed to achieve the EESH standard by the 2020 deadline set by the Scottish Government have been identified and programmed.

- 3.4. In addition further resources are also committed to maintain the Council's housing stock to agreed standards through investment in repairs, maintenance, empty properties and aids and adaptations.

#### **4. Funding Arrangements**

- 4.1. Funding for investment in Council homes is managed through the Housing Revenue Account (HRA) and the Council is required to ensure that sufficient income is collected from rents, paid by tenants, to cover HRA costs.

A significant cost to the HRA relates to the management, repair and improvement of Council homes, with revenue from current rents used to fund these. Additional funding support is received through grants for specific workstreams such as the Scottish Government grant for new council housing, and feed in tariffs (FIT) and renewable heat incentives (RHI) in relation to energy efficiency programmes of work.

Any increase to the overall funding required to maintain or improve the housing stock would require an increase in rents and possibly higher levels of borrowing.

- 4.2. The Housing Business Plan which has been developed, enables the Council to allocate and prioritise funding for each element of the HRA, whilst ensuring that the requirements of the 1987 Housing (Scotland) Act i.e. that the HRA is self-financing are met.
- 4.3. The Council also has a statutory obligation to consult with tenants relative to the prioritisation of spending and rent setting. This consultation is carried out on an ongoing basis and is tenant led through their Budget Scrutiny Group. Consultation on rent setting and the Housing Investment Programme is carried out on an annual basis with the outcome being reported to Housing and Technical Resources Committee at the start of each calendar year before being submitted to Council for approval.

#### **5. Capital Investment**

- 5.1. Within the Housing Business Plan £137.657m funding for Capital Investment has been allocated in financial years 2019/2020 and 2020/2021. This allocation has been made on the basis of previous survey data gathered together with the anticipated cost of works to deliver the following priority work areas:-

##### **Core Work Priorities**

###### Scottish Housing Quality Standard (SHQS)

Ongoing investment is required to ensure that the housing stock continues to meet the SHQS.

###### Energy Efficiency Standard for Social Housing (EESH)

Improvement works are needed to the housing stock that currently fall below the EESH as well as to maintain the remaining stock currently meeting the Standard.

###### Legislative Compliance

This category covers the works that the Council has a legal requirement to undertake as a landlord e.g.

- ◆ gas servicing
- ◆ fixed electrical testing
- ◆ water quality testing
- ◆ asbestos management

### Supply of Additional Council Homes

The Council have committed to increase the supply of new council homes by 1,000 by March 2021. To date 168 new homes have been delivered with a further 210 homes currently in construction. Further projects are planned for delivery over the course of the next two financial years to ensure that this commitment is delivered.

### Other Work Priorities

#### Condition Surveys

Condition surveys of the external elements of every property are undertaken on a 5 yearly cycle. The information gathered is then used to inform the development of prioritised investment programmes of work including roughcasting, roofing, window and door replacements etc. to ensure that all homes remain safe, secure, wind and watertight.

#### Local Priorities

Environmental improvement works and other investment needs are identified through consultation with local Housing Teams. In addition some one-off works are also identified through specific structural surveys etc. or through changes to legislation.

### Financial Allocation

- 5.3. Table 1 below summarises the priority areas with anticipated costs, for financial years 2019/2020 and 2020/2021:-

**Table 1 – Investment Proposals for 2019/2020 and 2020/2021**

	<b>2019/20</b>	<b>2020/21</b>
<b>Capital Programme allocation as per Housing Business Plan</b>	<b>£73.020m</b>	<b>£64.636</b>
<b>Core Work Priorities</b>		
Supply of New Council Homes	£49.413m	£42.965m
SHQS Compliance	£0.380m	£0.540m
EESSH Compliance	£13.430m	£10.217m
Legislative Compliance	£1.500m	£1.500m
<b>Total</b>	<b>£64.723m</b>	<b>£55.222m</b>
<b>Other Work Priorities</b>		
Condition Surveys – Follow-on Investment Requirements	£7.269m	£8.355m
Local Priorities	£1.028m	£1.060m
<b>Total</b>	<b>£73.020m</b>	<b>£64.637m</b>

## **6. Revenue Investment**

- 6.1. The Council also has an ongoing commitment, as defined through the Housing Repairs Policy, to maintain tenant's homes by undertaking qualifying repairs when they are required. These works are demand led and are categorised as follows:-

- ◆ Emergency Repairs e.g. health and safety or security issues.
- ◆ Repairs by appointment e.g. internal repair works which require access to a tenant's home.
- ◆ Routine/Geographical Repairs e.g. external, non-urgent repairs works.

In financial years 2019/2020 and 2020/2021 a provisional allocation of approximately £15m p.a. has been made for repair works which is in line with the service demands and costs experienced in previous years.

- 6.2. There is also a commitment to implement a revised programme of Planned Maintenance works and a budget of £1.4m p.a. has been allocated to cover works including:-
- ◆ gutter cleaning
  - ◆ painting of gutters and downpipes
  - ◆ painting of soffits and fascias
  - ◆ close painting
- 6.3. The Planned Maintenance Programme was initially developed and implemented for delivery on a cyclical basis. However during the initial phases of work it was apparent that there were a number of practical challenges which affected the delivery of the programme, the main one of which being the ability to obtain the necessary approval from owners.
- 6.4. To address these issues, and to progress this work more effectively this programme is now being revised to be based on assessed need rather than being cyclical. Information gathered through the 5 yearly survey programme alongside that gathered through Routine/Geographical Repairs works will form the basis of the prioritised programme which will be implemented in 2020/2021.

## **7. Approval Process**

- 7.1. Housing Investment priorities and proposed works programmes are reviewed annually with tenants as part of the annual rent setting process. This process is led by tenant's representatives through the Budget Scrutiny Group. Following the consultation, proposals and recommendations are presented to Housing and Technical Resources Committee at the beginning of the calendar year, following which a report is then submitted to Council for approval.
- 7.2. Following approval by Council, elected members will be notified of the details of both Housing Investment and Planned Maintenance works to be carried out within their ward.

## **8. Employee Implications**

- 8.1. There are no employee implications.

## **9. Financial Implications**

- 9.1. The financial implications associated with Housing Investment are contained within the Housing Business Plan with annual budgets established as part of the overall financial plan.

## **10. Other Implications**

- 10.1. There are no implications in terms of risk or sustainability contained in this report.

## **11. Equality Impact Assessment and Consultation Arrangements**

- 11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

11.2. As noted in Section 7, existing arrangements for consultation are currently in place.

**Daniel Lowe**  
**Executive Director (Housing and Technical Resources)**

2 August 2018

**Link(s) to Council Values/Ambitions/Objectives**

- ◆ Improve the availability, quality and access to housing
- ◆ Make communities safer, stronger and sustainable

**Previous References**

- ◆ None

**List of Background Papers**

- ◆ Housing Revenue and Capital Account Budget 2018/2019, Report to Housing and Technical Resources Committee, 21 February 2018

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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