

REPORT TO: Cabinet

MEETING DATE: 9 June 2015

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Proposed Housing Capital Investment Modernisation Plan - 2015/16

1 PURPOSE

- 1.1 The purpose of this report is to provide an update on the proposed expenditure plan for the modernisation element of the Housing Capital Investment Plan for 2015/16 .

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to approve the Housing Capital Investment Plan for housing stock modernisation for 2015/2016 and to note that Cabinet will be kept apprised of plan progress as covered in the Head of Council Resources Quarterly Financial report.

3. BACKGROUND

- 3.1 The budget provision for 2015/2016 was approved by Council on 10th February 2015 at £25.450 million and is set under the following headings.

Housing Capital Investment	2015/16
	£ (million)
Modernisation [Existing Stock]	10.150
New Housing	13.661
Mortgage to Rent	0.678
Internal Fees & Charges	0.961
Total	25.450

- 3.2 The recommended Plan amounts to £25.450 million which matches the £25.450 million budget total. The financial progress of the various planned projects will be closely monitored on a regular basis with any identified slippage used to bring forward projects or accelerate existing programmes of work to balance overall expenditure to the available budget.
- 3.3. The Scottish Government had previously set the Scottish Housing Quality Standard (SHQS) as a consistent minimum standard for all social landlords (local authorities and housing associations). By March 2015 East Lothian Council had achieved 93% compliance and work is underway to ensure outstanding work is addressed during 2015/16.
- 3.4 A new standard has been introduced, the Energy Efficiency Standard for Social Housing (EESH). This new standard aims to ensure improved energy efficiency in social housing to help tackle fuel poverty, through reduced heating costs, with associated health and well being benefits for our tenants.
- 3.5 In the past year, a new Housing Asset Management team has been established within the Community Housing Service to manage the HRA capital programme. At its last inspection, the Scottish Housing Regulator identified the lack of a robust asset management system as a risk for East Lothian Council. To address this, a new stock condition management IT system, Keystone, has been acquired. This will improve the management of the stock condition information we hold regarding our properties. Keystone, and the information it holds, will also assist with HRA Business Planning together with the formulation of an Asset Management Strategy which will inform our future housing investment programmes.
- 3.6 During the recent 2015/16 rent increase consultation exercise, tenants were asked to confirm their priorities for additional capital investment which were confirmed as:
- Bathroom upgrades
 - Energy efficiency improvements
 - Kitchen upgrades
- 3.7 This feedback has informed the development of this year's planned programme with the number of bathroom upgrades being increased from 262 in 2014/15 to circa 500 during 2015/16. Energy efficiency measures and kitchen upgrades will also be prioritised during 2015/16.
- 3.8 The aforementioned rent increase consultation exercise also highlighted increased amounts of New Build Housing as a priority for tenants. An HRA Capital Programme Board has been established to oversee the implementation of the Affordable Housing Programme and a separate report will be presented providing an update on the Programme in due course.

3.9 THE PROGRAMME FOR MODERNISATION

3.9.1 The modernisation plan is split into budget headings and allows for the continuation of previously committed projects. The main items to note in the plan are:

- The continued and enhanced bathroom improvement programme.
- Continuation of the kitchen replacement and rewiring programmes.
- Continued high level of investment in replacement central heating systems and insulation works to raise energy efficiency levels to meet EESSH.
- Enhanced roofing and roughcasting programme.
- The continuation of the Local Initiatives programme to promote locally identified minor works projects, as approved by Local Housing Partnerships.
- The continuation of a programme to provide disabled adaptations.
- The inclusion of a programme of works to refurbish properties acquired via the Open Market.
- Additional planned capital projects including structural work and asbestos removal.
- Continued programme of extensions to Council houses in overcrowding cases.
- Investment to upgrade footpaths and roads on housing estates to an adoptable standard.
- Upgrading of lift at Brunton Court sheltered housing complex and other associated refurbishment works.

3.10 The proposed Plan for year 2015/2016 is set out on the attached spreadsheet as **Appendix A**. A brief commentary on the project headings is provided below.

MODERNISING EXISTING HOUSING STOCK

3.11 ***Disabled Adaptations***

£0.600 million. This programme will continue to provide disabled adaptations in council houses to improve the quality of life and support independent living for tenants with mobility issues.

Modernisation Projects

3.12 ***Central Heating***

This budget is set at £0.900 million and will provide for replacement gas heating systems for up to 300 houses.

This budget head also includes solid fuel and electric heating systems and will also provide for replacement or upgrade of solid fuel or electric systems.

The change of heating system combined with increased insulation measures will enable these properties to achieve the improved energy efficiency ratings.

3.13 **Electrical Rewiring**

This budget is set at £1.680 million and will provide for the rewiring of circa 600 houses. Properties being rewired are also fitted with new kitchens [from a separate budget heading] and, where applicable, extractor fans to eliminate condensation issues.

3.14 **Structural Surveys**

£0.060 million to allow for specialist survey and other investigative works to be carried out prior to major repairs or similar projects.

3.15 **Projects/Works**

£0.600 million for major structural works or stock beyond day to day repair. This budget will also include works required in sheltered housing complexes and associated lift replacements.

3.16 **Fencing**

£0.200 million for the continuation of this Programme.

3.17 **Energy efficiency works**

£0.300 million for energy efficiency enhancing measures including cavity or external wall insulation and top up loft insulation.

3.18 **Kitchen Replacement Programme**

This budget is set at £1.790 million and will fund the continuing annual kitchen replacement programme (circa 600 properties) in association with the electrical rewiring programme [from a separate budget heading].

Note: A full or partial rewire is carried out with the kitchen installation, as required, to meet the required electrical standards.

3.19 **Re-roofing and Roughcasting**

£0.600 million. The re-roofing and roughcasting projects are identified from both stock condition surveys and reports of disrepair.

3.20 **Stair Improvement Programme**

£0.030 million for the continuation of this programme.

3.21 **Groundcare Projects**

Continued provision of £0.100 million

3.22 **Roads and footpaths**

£0.100 million investment in upgrading of roads and footpaths in estates to an adoptable standard.

- 3.23 ***Dispersed Alarm System***
£0.110 million for upgrading of existing alarm systems within amenity and sheltered housing.
- 3.24 ***Local Initiatives***
£0.200 million. This fund enables the four local housing teams to arrange small scale environmental improvements in housing estates. Proposals for Local Initiatives are discussed and approved by the Local Housing Partnerships which include Council staff, elected members and tenant representatives.
- 3.25 ***Window and Door Replacement***
£0.120 million to provide for properties that require window replacement due to age and condition.
- 3.26 ***Bathroom Replacement Programme***
This budget has been increased to £1.800 million which will fund circa 500 bathroom replacements.
- 3.27 ***Extensions***
£0.200 million. This programme will continue to provide extensions and conversions, where possible, to improve the quality of life within Council houses where there are overcrowding issues.
- 3.28 ***Lead Water Service Pipes***
£0.300 million. To provide for water service pipe renewal. This programme is undertaken and co-ordinated with the kitchen replacement programme at which time the materials in use for the incoming main, internal pipework and storage tanks will be checked both for lead content and condition and replaced as required.
- 3.29 ***Asbestos Surveys & Removal Works***
£0.200 million. To provide for survey works to identify and remove asbestos containing material preceding planned heating, electrical rewiring, kitchen or bathroom replacement programmes.
- 3.30 ***IT systems***
£0.010 million. Upgrades associated with Keystone asset management system, including purchase of mobile working tablets for stock condition surveys.
- 3.31 ***Open Market Acquisition Remedial Works***
£0.250 million. This programme has been included to bring properties, recently purchased from the Open Market, up to the required safety and other standards prior to allocation to tenants.

INTERNAL FEES AND OTHER CHARGES

3.32 Fees and Other Charges

Within the overall Housing Capital Investment Plan internal fees and charges amount to a total of £0.961 million. Within this overall amount Modernisation programme internal fees and charges are set at £0.528 million. New Build Affordable Housing internal fees amount to £0.433 million.

4 POLICY IMPLICATIONS

- 4.1 Approval of this Report will allow the implementation of the Housing Capital Investment Plan for 2015/2016.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – Funding provision for the 2015/2016 Housing Capital Investment Plan as approved in the 2015/16 budget.
- 6.2 Personnel – None.
- 6.3 Other – None.

7 BACKGROUND PAPERS

- 7.1 Council 10 February 2015 – Administration Rent Proposals 2015/2016

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APPENDIX

A

MODERNISATION [EXISTING HOUSING STOCK]

2015/2016

Modernising Existing Housing Stock

	£
1. Disabled Adaptations	600,000
2. Central Heating	900,000
3. Electrical Rewiring	1,680,000
4. Structural surveys	60,000
5. Projects/works	600,000
8. Fencing Programme	200,000
9. Energy Efficiency	300,000
10. Kitchen replacement programme	1,790,000
11. Roofing/roughcasting/external fabric	600,000
12. Stair Improvement Programme	30,000
13. Groundcare Projects	100,000
14. Roads/walkway pre-adoption works	100,000
15. Dispersed Alarm System	110,000
16. Local Initiatives	200,000
17. Window and Door replacement	120,000
18. Bathroom replacement programme	1,800,000
19. Extensions	200,000
20. Lead Water Pipes	300,000
21. Asbestos Works	200,000
22. IT System	10,000
23. Open Market Acquisition remedial works	250,000

MODERNISATION TOTAL

£10,150,000