

REPORT TO: Cabinet

MEETING DATE: 14 June 2016

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Proposed Housing Capital Investment Modernisation Plan – 2016/17

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 2016/17.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to approve the Housing Capital Investment Plan for housing stock modernisation for 2016/2017 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 2016/17 was approved by Council on 9 February 2016 at £22,509 million and is set under the following headings.

Housing Capital Investment	2016/17
	£ (million)
Modernisation [Existing Stock]	10.933
New Housing	10.881
Mortgage to Rent	0.695
Total	22.509

- 3.2 The recommended modernisation plan amounts to £10.933 million and is within the £22.509m Housing Revenue Account (HRA) capital 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 where possible to balance the overall expenditure to the available budget. The HRA Capital Programme Board meets quarterly to oversee this budget and provides a governance framework for decisions relating to the HRA.
- 3.3 The Scottish Government has set the Scottish Housing Quality Standard (SHQS) as a consistent minimum standard for all social landlords (local authorities and housing associations). By the end of March 2016, East Lothian Council achieved an improved position of 91.36% compliance; 0.67% fails, 0.21% exemptions and 7.75% in abeyance. Abeyances include properties which require work to be done to meet the SHQS where the tenant has refused this work. Another reason for abeyance is when work is required to a mixed tenure block of flats (e.g. door entry systems) where the private owners in the block have not agreed to pay their share of the cost of this communal work. Efforts to date have been focussed on addressing the failures and this action has been successful in reducing these to less than 1%. This outstanding work will be addressed during 2016/17 and in addition, further efforts will be made to work with tenants and private owners to undertake the necessary work recorded as being in abeyance. Our staff will engage with tenants and private owners where applicable, to encourage them to agree to this improvement work proceeding.
- 3.4 The Scottish Government's new Energy Efficiency Standard for Social Housing (EESH) has established a new more rigorous target for social landlords to meet by 2020 to improve energy efficiency in tenants' homes. This will help reduce fuel poverty and deliver associated health and wellbeing benefits. The most significant improvement is to install efficient central heating systems and the programme for this work will be increased over the next four years to achieve compliance by 2020.
- 3.5 The Council's stock condition management IT system, Keystone, retains property details of all 8,629 council houses. The information contained within Keystone informs the modernisation programme and the HRA Business Plan. It is therefore crucial that the information held on Keystone is accurate and up-to-date. A programme of stock condition surveys is being planned and we will also be considering the most cost effective method of keeping this information up-to-date in future. A Housing Asset Management Strategy is being developed and will be brought to Cabinet later this year for approval.
- 3.6 Tenant involvement in shaping the Council's housing investment priorities is provided through the annual rent consultation exercise. Our tenants have confirmed that they continue to be supportive of the modernisation programme to upgrade bathrooms, kitchens and improve energy efficiency. Through the East Lothian Tenants and Residents Panel (ELTRP) our tenants will also be involved in the development of

the Housing Asset Management Strategy and the review of standards for upgrade work including choice of kitchens available.

- 3.7 The Scottish Government's Guidance on the Operation of the HRA states that tenants should also be consulted on matters relating to the HRA. An HRA Consultation Group has been established in conjunction with East Lothian Tenants and Residents Panel (ELTRP) to develop an agreed process to ensure compliance with this part of the guidance.

The Programme for Modernisation of Existing Housing Stock

- 3.8 **Disabled Adaptations**
£0.600 million – this programme will continue to provide disabled adaptations in council houses to improve the safety and quality of life for tenants with mobility issues. This important work supports independent living in the community and contributes to meeting the objectives of the Health and Social Care partnership.
- 3.9 **Central Heating**
This budget is increased to **£2.1million** and will provide for replacement gas heating systems for around 750 houses. This investment will considerably improve the energy efficiency of our council houses and help reduce tenants' heating costs. This budget head also includes electric heating systems and will provide for replacement or upgrade of electric systems. The Council has 54 council houses which still have solid fuel heating and in order to maximise energy efficiency and compliance with EESSH we will work with the tenants in these properties to ensure all options are considered to help improve the energy efficiency of their home.
- 3.10 **Electrical Rewiring**
This budget is set at **£1.800 million** and will provide for the rewiring of circa 550 houses. Properties being rewired are also fitted with new kitchens [from a separate budget heading] and, where applicable, extractor fans to eliminate condensation issues.
- 3.11 **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.
- 3.12 **Projects/Works**
£.0350 million for major structural works or stock which is beyond day-to-day repair.
- 3.13 **Fencing**
£0.100 million for the continuation of this programme.
- 3.14 **Energy efficiency works**
£0.350 million for energy efficiency enhancing measures to improve compliance with the new energy efficiency standard. This work will include cavity or external wall insulation and top-up loft insulation.

- 3.15 ***Kitchen Replacement Programme*** – this budget is set at **£1.600 million** and will fund the continuing annual kitchen replacement programme (circa 550 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.

- 3.16 ***Re-roofing and Roughcasting***
£0.400 million – the re-roofing and roughcasting projects are identified from both stock condition surveys and reports of disrepair.

- 3.17 ***Stair Improvement Programme***
£0.050 million for the continuation of this programme, for example fitting new door entry systems to improve security for residents within the block.

- 3.18 ***Sheltered housing projects***
£0.100 million – upgrades to lifts to ensure fully health and safety compliant.

- 3.19 ***Roads and footpaths***
£0.100 million – investment in upgrading of roads and footpaths in estates where many properties are now in private ownership. This work will help bring these up to an improved standard to then be adopted by Transportation for ongoing maintenance thereafter.

- 3.20 ***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.

- 3.21 ***Window and Door Replacement***
£0.100 million to provide for properties that require window replacement due to age and condition.

- 3.22 ***Bathroom Replacement Programme***
This budget has been increased to **£2.020 million** which will fund circa 500 bathroom replacements.

- 3.23 ***Extensions***
£0.250 million – this programme will continue to provide extensions and conversions, where possible, to improve the quality of life for families living within Council houses where there are overcrowding issues.

- 3.24 ***Asbestos Surveys & Removal Works***
£0.500 million to provide for survey works to identify and remove asbestos containing material preceding planned heating, electrical rewiring, kitchen or bathroom replacement programmes.

3.25 **Service improvements**
£0.200 million – investment to improve infrastructure to enable better service delivery for tenants, e.g. upgrading of paintwork facilities.

3.26 **Fees and Other Charges**
Within the overall Housing Capital Investment Plan internal fees and charges amount to a total of **£0.733 million**.

4 POLICY IMPLICATIONS

4.1 The development of the Housing Asset Management Strategy will involve a review of standards involving tenant consultation. This will be brought to Cabinet for approval later this year.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been through the Integrated Impact Assessment process and no negative impacts have been identified. The investment programme has several positive benefits for East Lothian: health and wellbeing improvements, reducing fuel poverty, economic development opportunities through job creation, reduction in carbon emissions to minimise impact on climate change.

6 RESOURCE IMPLICATIONS

6.1 Financial – Funding provision for the 2016/17 Housing Capital Investment Plan was approved in the 2016/17 HRA budget.

6.2 Personnel - The level of staffing resource required to undertake stock condition surveys and related work by the Housing Asset team is being considered as part the Community Housing Service Review.

6.3 Other – None.

7 BACKGROUND PAPERS

7.1 Council 9th February 2016 Administration Rent proposals 2016/17.

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MODERNISATION [EXISTING HOUSING STOCK] 2016/2017**Proposed HRA capital modernisation investment plan****2016/2107**

Disabled Adaptations	600,000
Central Heating	2,100,000
Electrical Rewiring	1,180,000
Structural surveys	60,000
Fencing Programme	100,000
Energy Efficiency	350,000
Kitchen replacement programme	1,600,000
Projects/works	350,000
Roofing/roughcasting/external fabric	400,000
Stair Improvement Programme	50,000
Sheltered housing projects	100,000
Roads/walkway pre-adoption works	100,000
Local Initiatives	200,000
Window and Door replacement	100,000
Bathroom replacement programme	2,020,000
Extensions	250,000
Asbestos Works	500,000
Service improvements	<u>200,000</u>
	<u>Sub-total:</u>
	<u>10,260,000</u>
Internal fees	673,000
	<u>Total:</u>
	<u>10,933,000</u>